Bulletin

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UTFA

states its opinion of the mediation report produced by Professor D.A. Soberman

Dean Soberman's mediation report marks the culmination of a process which began almost two years ago. The drafting of the Memorandum of Agreement, its negotiation and implementation represented a co-operative effort by academic staff, administration and Governing Council to provide the basic guarantees relating to terms and conditions of employment without faculty certification under the Labour Relations Act. Necessarily, such efforts hinge on the basic trust of all concerned.

The negotiation of salaries and benefits is perhaps the most essential element of this agreement. If the parties cannot agree then under the provisions of article 9, a mediator shall be appointed. If he too is unable to bring the parties together, then he is instructed to recommend the appropiate terms of settlement. The mediator's recommendation shall be binding unless specifically rejected by Governing Council by majority vote.

Pursuant to this procedure, the faculty association transmitted its salary proposals to the administration Nov. 14. These were incorporated in our newsletter of Nov. 15, and had been adopted unanimously by council on Nov. 9. Negotiations with the administration began thereafter, and by Jan. 30, it was clear that agreement would not be reached. The principal item outstanding was the across-the-board increase: the faculty association asked for eight percent; the administration offered 3.75 percent. In this context the faculty association requested mediation. By prior agreement, the task was assigned to Professor D.A. Soberman, former Dean of Law at Queen's.

Dean Soberman met with both parties extensively. He explored the details of the University's budget, its attitudes towards the specific items which we had proposed, as well as the reasons underlying these proposals. Because of the fiscal constraints imposed by the province, he [illegible]tantly concluded that an agreement [illegible] not be reached, and accordingly submitted his recommended terms of settlement. His report is reprinted inside.

In brief, on the principal issue of an across-the-board economic increase, Professor Soberman upheld the University's offer of 3.75 percent. Though he found the faculty association's request for eight percent "moderate, restrained and reasonable", he agreed with the University that the level of provincial funding made it impossible to go beyond this figure without running a deficit — a step he was reluctant to recommend. In this context, he said, "it is not possible for a mediator's recommendation to be a fair solution of the problem".

The effect of Professor Soberman's holding is that the economic increase for next year will be 40 percent of the estimated rise in the cost of living. The association presented its case; the mediator found it compelling, but because of the budget stringency imposed by the province, declined to accept it. Similarly, he found our arguments about the traditionally pessimistic budget forecasts of the University insufficient to warrant going above the figure of 3.75 percent. Our argument pertaining to the acceptability of a small deficit to meet salary needs were also found wanting, although he did recommend that Governing Council itself "consider budgeting for a deficit in order to bring the economic increase to at least six percent" — a step which we hope they will take.

The faculty association finds itself in serious disagreement with Professor Soberman on his recommended across-the-board increase. We believe the University could afford a small deficit — this is the first time since Dr. Evans became President that it has not budgeted for one, and we see no internal University reason why it could not do so this year. Similarly, we believe there is sufficient pessimism built into the 1978-79 budget

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Administration

explains it position concerning negotiations with University of Toronto Faculty Association

The University administration believes it is important to describe and explain the position it took during negotiation with the University of Toronto Faculty Association and during mediation.

The Memorandum of Agreement between the Governing Council of the University of Toronto and the University of Toronto Faculty Association requires the two parties to bargain in good faith and make every reasonable effort to reach an agreement on salaries and benefits by Jan. 30. Failing agreement by that date, one or both sides may request mediation. If the parties fail to agree during mediation, the mediator, who is chosen from a list of persons agreed to by both parties, informs the President of the University and the president of UTFA of his recommendations. These are presented to the Governing Council which has agreed to accept them or vote otherwise.

If the Governing Council votes otherwise and follows its normal practice, it will consider the recommendations of the administration and any other advice it may receive in the determination of the salary and benefit increases for 1978-79.

Negotiations began in November during the current academic year. The University of Toronto Faculty Association proposed increases in salaries and benefits that amounted to 14 percent and were clearly beyond the ability of the University to pay. The University's initial offer was to increase salaries and benefits by a proportion equal to the expected increase of 4.6 percent in the formula grant from the provincial government and frozen formula fees. Even this would have required a compression of the University's activities because of the necessity to halt the increase in the cumulative deficit that is occurring in 1977-78 by reducing the 1977-78 expenditure levels by $1.8 million for 1978-79.

During the course of the negotiations, the University made very substantial concessions in response to requests by UTFA. It raised the salary offer to an economic increase of 3.75 percent in addition to the three percent progress-through-the-ranks/merit component. It proposed to increase summer school and evening stipends and made a very substantial improvement in guarantees to loans on the houses of staff. It also agreed to institute a dental plan if the teaching staff and librarians preferred to take their economic increase partly in this manner rather than in salary, and it agreed to develop a proposal for social and athletic facilities.

By the end of negotiations the University had made the maximum offer that could be reasonably proposed because it believed that to hold back items for concessions after negotiations are terminated does not constitute negotiation "in good faith". For its part UTFA did not change its proposals significantly during negotiations and their cost remained close to 14 percent.

The negotiations did not lead to agreement and UTFA asked for mediation. Professor D.A. Soberman of the Faculty of Law at Queen's University was the mediator. The mediator's report reflects Prof. Soberman's concern for equity respecting faculty salaries and benefits within the context of the responsibility that must be exercised by the University for the level and quality of its activities. The extensive and carefully documented report exposes in a clear and compelling manner the acuity of the competing demand for declining resources in the universities of Ontario in the present period.

The financial difficulties faced by the University are revealed by the fact that the increase in the cost of salaries and benefits during 1978-79, which is equivalent for academic and administrative staff, will amount to $10.9 million. (This is composed of $8.9 million as the cost of the increase for 10 months following July 1, 1978, plus $2 million to fund May-June 1978 salaries at a level higher than for May-June of the previous fiscal year.) At the same time, income from all sources is expected to rise by only $8.4 million, from which $1.8 million must be deducted as already mentioned to prevent the accumulated deficit the University will carry forward from increasing beyond $2.8 million. Four-fifths of University expenditures are in wages and salaries so that the excess of $4.3 million of the increase in wages and salaries over available resources will lead to a reduction in the number of staff, chiefly by attrition, of about two percent and further encroachment on non-salary expenditures.

The University's proposals with respect to increase in academic salaries for next year are dictated by the small increase in government grants, the University's policy to treat academic and administrative staff equitably, the high proportion of expenditures going to wages and salaries, and the reluctance to reduce substantially and rapidly the number of academic and administrative staff. The compelling nature of those considerations is presumably the underlying reason for the substantial consistency of the mediator's recommendations with the administration's proposals.

The mediator, while recognizing the force of the proposal by the University of Toronto Faculty Association that the across-the-board "economic increase" in salaries should be higher, does not recommend against the University's offer of 3.75 percent, which is the most that the administration believes can be responsibly funded in 1978-79. This central decision of the mediator was made in recognition that a deficit budget at this time would be irresponsible on the part of the University and that the budgetary forecasts on which the decisions have been based by the administration during the past three years have been highly accurate and not unduly pessimistic.

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UTFA

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to warrant an increase considerably above 3.75 percent. But we had our day in court, and the mediator — after examining our proposals carefully, as well as the University's budget — held against us. We must accept his judgement, however reluctantly. For it is the process, and the basic fairness which it entails, with which we must be concerned ultimately.

Let it be clear, however, that the faculty association does not and cannot accept an across-the-board economic increase of 3.75 percent. To do so would mean an increase of less than 40 percent of the rise in the cost of living; or in other words, a further net reduction in real income. (In this connection, we submit that recently negotiated school board contracts tend to fall in the six percent range, and that the University of Windsor settled last year for a 10 percent raise for 1978-79). What we do accept is the mediator's recommendation of which this is part. And we do so because it is the process, not the award, which we believe it is necessary to preserve.

Professor Soberman independently examined the case put by the faculy association and by the administration on a number of other outstanding issues. These were not related to the overall economic increase. On the issue of rank salary ceilings, he agreed with the faculty association but with one important qualification. The department chairman "must provide a written statement setting out his reasons for the merit increase". But the funds for PTR increases will be provided in the normal way for the department's pool, and the Provost may rescind an increase if he thinks it improper.

On the long smoldering issue of librarians, Professor Soberman concluded that the complaints of the faculty association were justified. He recommended that all librarians in the two lowest ranks be given an $800 scale increase "in addition to any other increase awarded". He further recommended the immediate creation of an anomaly fund to correct long-standing anomalies at all ranks.

Professor Soberman was also sympathetic to the faculty association's plea on behalf of tutors and senior tutors. Unlike last year, when merit awards equalled 1.9 percent, he recommended the same global figure as professorial ranks (three percent), and most importantly, that "The funds so generated shall be used in a common PTR pool (at department level) with other academic ranks".

Confronted with the fact of a 3.75 percent economic increase, the faculty association requested that the monies contemplated for raising summer stipends be used instead to fund the dental plan. Professor Soberman agreed. He also agreed that tuition exemption for dependents should be provided, and that the University should develop a plan for joint membership in the various faculty clubs, athletic facilities and Hart House at a cost "in the range of $4 per month". This should be implemented by September 1978, and because of the high level of University subsidization of these facilities already, it should not be considered "part of the total salary agreement for 1978-79".

On the issue of guaranteed housing loans, the University is developing a much more extensive plan involving first as well as second mortgages, which the association has accepted. The details of this will not be available for several weeks.

In brief, we believe the process of negotiations established by the Memorandum of Agreement has worked effectively. The mediator's findings on the across-the-board increase are unquestionably harsh, and academic staff must content themselves with another year of declining real income. But perhaps the most important consideration is that we can accept the process by which this settlement has been imposed as legitimate. And, in fact, our case on certain equity issues: rank ceilings, librarians, and tutors, was found compelling by the mediator, as was the case for the dental plan and tuition. In a year of a 3.75 percent increase, we can not look on this as a success. But we do believe that Professor Soberman did a fair and just appraisal, and we assume that in the same spirit of even-handedness, the Governing Council will not overturn his recommendation.

UTFA Mediation Group — *H.L. Dyck,* History; *M.G. Finlayson,* History; *D. Gauthier,* Philosophy; *G.W.R. Heinke,* Civil Engineering; *F.D. Manchester,* Physics; *J.E. Smith,* Political Economy, Chairman; *K.C. Smith,* Electrical Engineering; *C.R. Weiss,* Robarts Library.

Administration

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The positions of the administration and the mediator coincide in other significant respects, the most important of which are on the continuation of the progress-through-the-ranks/merit scheme for teaching staff and librarians, an increased merit component for tutors and senior tutors, the exploration of a plan for voluntary joint membership in various social and athletic facilities and its early implementation if feasible, and the expansion of the present — and institution of a new — guaranteed housing loan program. With respect to the last item, the University has agreed to increase the guaranteed housing loan program for first-time home purchasers to two times salary and a maximum of $40,000 (from the present $20,000). In addition, a new program will be introduced to assist persons who already own a home. It will have the effect of increasing a staff member's ability to finance his or her home at a first mortgage rate to a maximum of the lower of 85 percent of appraised value and $105,000.

The mediator also agrees on the need to maintain salary ceilings for teaching staff. However, the method of administration proposed by the mediator would lead to the over-funding of salary increases for either those affected by the salary ceilings or other individuals in the division so that this departure from present practice is not desirable.

The mediator recognizes that both the University's proposal to increase summer school and winter stipends and the dental plan are valid. However, because the cost of the dental plan is so high that it cannot be added to the package of benefits, he proposes that the association be given a choice between the institution of the dental plan and an increase in summer school and evening teaching stipends. This the administration does not recommend.

The increase in the stipends is necessary to staff the teaching programs adequately. Those responsible for staffing the principal part of the summer school program have found it very difficult to attract sufficient qualified staff at the present rate. The University had sought to increase the rate more substantially in previous years, but had been prevented by the Anti-Inflation Board regulations from doing so. Raising stipends is a benefit but also needed for the maintenance of an important academic program. This gives it priority over the dental plan. Furthermore, the cost of the dental plan substantially exceeds that of the stipends. The administration believes the stipends should be raised and the dental plan offered only on the condition that its cost would be deducted from the "economic increase", making the latter approximately 3.30 percent.

The mediator supported the proposal that dependents of the teaching staff and librarians be given free tuition. The attraction of the plan is that it would give a substantial benefit to affected staff members at a time in their lives when the education of their children is a very heavy financial burden. It is a benefit requested by UTFA itself despite the limited number of individuals who would benefit. The uneven incidence of the benefit is a drawback as is the uncertainty of the cost. No calculation of the number of dependents involved can be made. A guess, based on experience at York University, which is one of the seven Ontario universities with such a program, is that less than 150 full-time equivalent students who are dependents of teaching staff and librarians would be involved. Following the University's policy of similar benefits for academic and administrative staff, the plan would be extended to the latter group and perhaps an equal number of students would be involved in that way. The financial cost in lost tuition fees is also difficult to estimate. If all these students would have enrolled at the University of Toronto anyway or displaced students who would have otherwise have attended, the lost fee revenue would be about $200,000. If some or all of these students were new students in programs with capacity to accept more students, they would generate BIU income to a substantial multiple of the fees they would otherwise pay. In spite of the attraction of granting this proposal in a year when the University can do very little to protect its staff from a decline in real income, the drawbacks cited and uncertainties respecting cost meant that the proposal was not accepted.

The administration opposed the mediator's recommendation of $800 scale increases to Librarians 1 and 2 in addition to any other increases awarded. The opposition is based on the fact that the University is presently engaged in a thorough review of policies and procedures respecting librarians, that, together with an appropriate salary structure, will be completed in a very few months. It is inappropriate to precede the review with substantial salary adjustments based on data that are "rather fragmentary and inconclusive" according to the mediator. Even if the element of arbitrariness in the judgment was absent, the basis of the recommendation, which is the equality of salaries of one group of employees in the University with an outside group, should not be the determinant of a major adjustment, because we are in a period when the pressure on University salaries owing to financial stringency is widespread. To pick one group to bring to equality with the outside is discriminatory and a basis for salary management which is unsatisfactory. The University needs equity *within* even more than with outside groups.

However, the administration agrees that when the new rank and salary structure for librarians is established, anomalies that may appear in the position of individual librarians should be remedied during 1978-79.

The University administration developed its proposals for salary and benefits increases for teaching staff and librarians in the negotiations with the University of Toronto Faculty Association in the period prescribed in the Memorandum of Agreement. It negotiated in good faith and made the maximum offer possible in the constraints of the present situation. It is in consequence gratifying that the mediator's report supports its major components.

Comparison of University and UTFA Final Positions as presented to the Mediator and Mediator's Recommendations

Item	UTFA	Mediator	U of T Administration
0. PTR/Merit System	Retain	Retain	retain (3% teaching staff; 3.2% librarians)
1. Economic salary increase	8 percent	3.75 percent	3.75 percent
2. Interest rate in Pension Plan	Raise as proposed in Etkin Cttee. Report	No change	No change
4. Rank ceilings	Remove	Retain, alter method of administration	Retain, including present administration
5. Special increase for librarians	Unspecified amount awarded to all librarians	$800 special increase for Librarians 1 and 2; anomalies fund	Larger merit increase than for teaching staff; rectification of anomalies during 1978-79
5a. Tutors	3% merit fund	3% merit fund	3% merit fund
6. Summer and winter stipends increase	Leave unchanged in favour of Dental Plan	Leave unchanged in favour of Dental Plan	15.2% summer stipend 6.0% winter stipend
7. Dental Insurance Plan	Establish	Establish	Establish with .45% cost covered by reduction in economic increase
8. Social and athletic facilities	Develop proposal	Develop proposal	Develop proposal
11a. First home guaranteed loan	Raise limit to $40,000	Raise limit to $40,000	Raise limit to $40,000
11b. Mortgage guarantee plan	as proposed by administration	as proposed by administration	as proposed by administration
13. Free tuition at U of T for dependents	favour	favour	no change

University of Toronto, Mediation pursuant to Article 9 of Memorandum of Agreement between the Governing Council and the Faculty Association

REPORT OF THE MEDIATOR, D.A. Soberman

February 16, 1978

February 16th, 1978

Dr. John Evans
President
University of Toronto
TORONTO, Ontario
M5S 1A1
and
Dr. Jean Smith
President
University of Toronto Faculty Association
455 Spadina Avenue, Suite 302
TORONTO, Ontario

Dear Dr. Evans and Dr. Smith:

I regret that I have not been able to bring both parties to a mutually acceptable settlement under the terms of Article 9, of your Memorandum of Agreement. As is evident from the statements of both parties and from my report, the obstacles to settlement are mainly outside the control of the parties. The recommendations I have made seem to me in the circumstances to be the closest one can come to a fair settlement.

Article 9 requests the mediator to inform you of "the final position of the parties". Both parties agreed that at the end of the negotiations it was better for each to describe its position in its own words. These positions can be compared with the recommendations in my report. Accordingly, I attach to this letter each party's own summary of its final position, as well as my report and recommendations.

Yours sincerely,

D.A. SOBERMAN

Introduction

I have had the opportunity to review carefully the financial documents prepared by the officers of the University. They have been whole-heartedly co-operative in every respect. In addition to my own questions, I have also put to the officers the most difficult ones that have arisen in discussion with the Faculty Association. In the process we appear to have probed virtually every aspect of the University budget in order to examine where savings may possibly be made.

On the other side, I have also explored and questioned every demand made by the Faculty Association in order to test the soundness of their claims. As well, I have discussed with members of the Association Negotiating Committee the responses of the University officers to these requests. Before examining the main issue of the size of the economic increase in detail, and several other quite important matters of principle that involve smaller sums of money, I believe it is important to deal with the more general background. I do not believe the positions of each party on the main issue of the economic increase can be understood and appreciated without examining the two main factors that arise from the background.

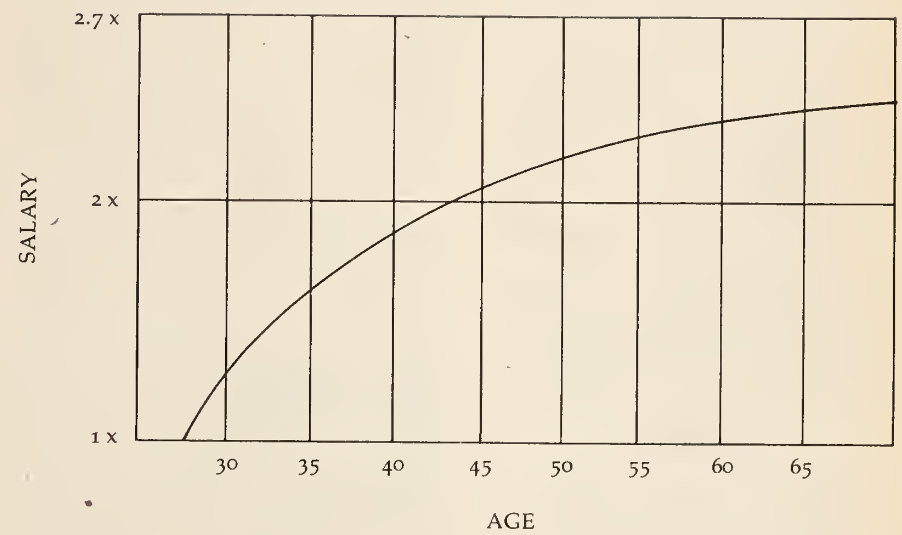
Career Pattern of a University Teacher

The first factor is the career pattern of a university teacher. The typical teacher has continued from secondary school to a four year bachelor's degree, thence to a masters and doctoral graduate program for a further four to seven years. Between the ages of 27 and 30 the teacher becomes a qualified junior member in the world of university scholars – some 10 years after a production worker or salesman has left his final year of secondary education, and six or so years after an engineer, school teacher or commerce degree holder has entered the work force. During this period of higher education, the prospective university teacher lives on student loans, bursaries, summer jobs, financial help from family, scholarships and fellowships. Most graduate students complete their education in debt, and with few physical possessions.

Beginning salaries at universities would appear reasonable, even quite good, to a younger person, let us say in his or her early 20's. But a young person with the aptitudes and capabilities to go on to a Ph.D., who instead has entered the job market, is likely to be earning considerably more money at say 28 or 29, than the Ph.D. holder in his or her first university job. Now, if we ignore the effects of inflation for the moment, we would find that the typical university teacher would begin his working career at the minimum end of the academic salary scale and proceed by a system of annual career increments of between 2% and 3.5% through the ranks of lecturer, assistant professor and associate professor to full professor probably at some point in his 40's. From that point until retirement salary increments would become gradually smaller, eventually "flattening out" in a career pattern much like that above. Under patterns that vary from university to university, the salary of the professor at retirement would be between 2.1 and 2.7 times starting salary.

If the academic staff of a university had a uniform age profile, with more or less equal numbers of staff at each age between 30 and retirement, the result would be that equal numbers would retire each year and replacements would be hired. For every person who retired at a peak salary, a junior would be hired at a beginning salary, and the difference would be available to pay the increments for those partly along their career curve. The system would thus be "self-financing" for career progress.

Unfortunately, the age profiles of universities is not at all uniform. In the 1960's universities everywhere in North America were asked by their governments to expand in order to meet the demand for places, both in response to the post-war "baby-boom" and as a result of a policy to increase access to higher education. The combination of a rapidly increasing university-age population and their higher participation rate in education resulted in the number of university students more than trebling in Canada between 1960 and 1970 (from 114,000 to 357,000). To meet this demand it became necessary to increase the number of university teachers at a similar unprecedented rate. The vast majority were



young people finishing their graduate education in Canada and other countries. Now a decade later, the age of most of these professors is from the mid-30's to late 40's; they are twenty or more years from retirement. Universities contain very few senior members now in their 60's or late 50's, simply because the universities of pre-1960 were very small.

Accordingly, very few senior teachers in the upper salary range are reaching retirement age and being replaced by junior appointees at a lower salary, thus producing sufficient funds to permit the remainder of the academic staff to continue on a normal career pattern of annual increments. The age profile of university teachers is so lopsided that universities need an additional 2½% or so to permit professors to proceed along their career curves. As a result a typical Ontario university probably needs that additional 2½% of the salary budget over each of the next 10 years (decreasing over the following 5 years) to provide the necessary funds that are not being freed through retirement of senior teachers. Ironically, beginning in the 1990's staff will be retiring in such great numbers that university budgets should have surpluses available through hiring a large number of junior replacements for retiring senior staff.

It should be noted that this situation has not been created by individual university teachers nor even by universities themselves. They simply responded to the call of society in general and governments in particular to expand the university system rapidly in the 1960's and early 70's. The problem that has arisen was hardly unexpected or unpredictable. Indeed, it was obvious by 1961 or 1962 that when the large increases of the 60's and early 70's had gone through the system, the system itself would be faced with a serious financial problem. Demographers and economists, both within the government and outside, were aware of this problem, but nothing has been done to anticipate and alleviate the difficulties. In particular, the Government of the Province of Ontario has not taken special account of the problem by providing funds for career development, funds which could be recouped in the 1990's.

It seems manifestly unfair to single out university teachers as those who should suffer directly the consequences of this lack of planning. There are two unfortunate results, one direct and one indirect. The first is that university teachers who have accepted the financial consequences of delayed earnings through their long period of education and training will be denied the opportunity to make up for this loss in any adequate sense during their careers. This situation, if it persists for any lengthy period, will lead to disillusionment and bitterness for university teachers. Most unfortunate, many of those teachers who are acknowledged to be outstanding, will be the first to leave for places outside Ontario where their merit will be recognized. Second, the effect of long-term unfair treatment will lower the esteem of a university career and certainly make it less attractive for prospective students with outstanding ability. They are much more likely to turn to careers outside the university in order to make use of their abilities and receive reasonable rewards. When the universities, once again, in the early 1990's will face a renewed need for large numbers of academic staff, the available pool will be small and the system may well have to settle for less than first rate academic appointees.

The 1990's are not so far in the distance that we can afford to do nothing. Indeed, the great danger is that we will repeat our lack of foresight of the early 60's; the early 90's are at least as close to us now, as were the late 70's when the present dilemmas could have been forecast in the early 60's. The demographic profile of the university community, both students and staff, is almost as predictable and inevitable as death and taxes.

Effects of Inflation and Financial Constraint

The second factor in the present university dilemma arises from the all-pervasive problem of the 1970's – chronic inflation combined with financial constraint. With the rapid growth and great wealth available in the 1960's, universities like all large institutions, expanded rapidly, made some mistakes and sometimes did not exercise sufficiently strict control over operating expenses. There is no evidence, however, that our universities were spend-thrift or that they were more generously treated than other segments of our society such as big business and big government. When financial constraints first struck in the early 70's, universities did not find it too difficult to cope in the first year or two years – perhaps even three years – because it was possible and practical systematically to root out the few excesses and nonessential expenditures, and to make universities more thrifty and careful.

During this period in the process of eliminating all nonessential expenditures, universities cut back on their "base budget" each year, and with the funds saved, together with BIU increases given by the provincial government, tried to maintain salaries for academic staff both through providing an annual career increment and an economic increase to cope with inflation. Universities gave higher priority to retention of the career increment portion in order to continue to recognize merit and keep university professors on their career paths. In those years when the economic increase to staff was inadequate to overcome the ravages of inflation, the university would rationalize by saying "we have lost a little ground, but perhaps next year we will be able to make it up".

The process of attrition, whereby the grants given to universities were inadequate to offset the effects of inflation on the operating budget plus the 2 1/2% career development fund as noted above, has meant that over a period of seven years, the universities have cut back further and further on their existing budgets. The situation has come to this: in terms of 1971 dollars, many budget items have been reduced drastically and some have disappeared from the budget entirely. In addition, the salary position of faculty members at all levels, in terms of 1971 dollars, has deteriorated. University professors have lost ground in relative salaries to secondary school teachers in the public school system, and to virtually all other highly trained professionals. Student/staff ratios have deteriorated as universities have allowed academic staff to diminish in numbers through attrition and non-replacement. Students coming to university find that classes are larger, buildings are run down, libraries are less up to date, scientific equipment and computing facilities have deteriorated when compared with those in industry and government. In other words, university students are attending physically poorer universities and are receiving less personal attention. The one important plus is the benefit they receive from a gradually maturing and more experienced teaching staff. University professors are working in the same deteriorating conditions, with less disposable income than colleagues of the same age in 1971.

It is against this background that the universities of Ontario have again received a percentage budget increase much below the increase in the cost of living. The University of Toronto has attempted to sacrifice every non-salary item that it can in the budget and intends to allow a reduction in academic staff to take place by attrition, in order to collect the funds needed for salary increases for staff. Its proposal is for a 3.75% economic increase in a year when the inflation rate will have exceeded 9%. Yet it fears that even for this increase of 3.75%, it has made sacrifices in budget that are potentially damaging to the academic quality of university.

For its part the Faculty Association, viewing the persistent deterioration of the financial position of university teachers, believes that it is unfair to ask its members to accept an economic increase that is only 40% of the current inflation rate. It argues that on this basis the 3% allocated for annual increments for merit and career development would become a sham, a mere fiction: a highly regarded teacher who received, let us say, an "above average" increase for merit of 5% (instead of 3%) and a 3.75% economic increase, for a total of 8.75% would have fallen – despite his "outstanding performance" – farther behind the rate of inflation. On this basis, his "progress through the ranks", his advancement, would be negative: his merit would be recognized only to the extent that he would fall slightly less behind the inflation rate than some of his less fortunate or less meritorious colleagues.

In these circumstances, with these stringent limitations on the ability of the university to look after the needs of its staff and of the quality of its teaching and research, the problem is essentially insoluble. It must be stated that the funding provided by the Government of Ontario for the university system it created, has made it impossible for the parties to reach an agreement that allows the University to exercise sound financial responsibility and at the same time permits minimally equitable salary treatment for members of its teaching staff.

NOTE: *The following deals with numbered items according to a Salary Brief submitted to the mediator by the Faculty Association, dated February 1, 1978. Except for Item 1, the economic increase, which will be dealt with last, other items will follow the order in the Association Brief.*

ITEM 2: Interest rates on pension contributions
and
ITEM 3: Age 45 breakpoint for computation of pension accrual rates

The subject of pension contributions and entitlements is a difficult one. Generally speaking, most members of pension plans are not well informed nor do they understand the main elements of their own plan. It is no easy task to overcome the barriers to understanding since written information, no matter how well prepared, must be supplemented orally by explanations and discussions. Anyone other than an actuary or a person with a knowledge of higher mathematics encounters difficulties in learning how pension benefits, guarantees and options are computed. As a result, it is hard to evaluate plans or suggest improvements. The process of educating plan members must come first.

Because of these difficulties inertia usually plays a large role: it is easy to do little or nothing in the hope that members of a plan will remain passive. There is always the risk that a few people perceive, rightly or wrongly, problems with the pension plan and begin to cause anxiety among the uninformed. In any event, pension plans can no more afford to remain static than can other financial arrangements. They must be reviewed regularly and adjusted from time to time in order to take into account changing circumstances.

The observations apply to pension plans in general and to that of the University in particular. Both the University and the Association recognize the difficulties, and agree that present Committee arrangements about both informing plan members and reforming the plan as needed are inadequate. Neither party has yet formulated specific changes in organization. In these circumstances, the need having been recognized, I would recommend that the Joint Committee of the Association and University administration consider committee structures for dealing with pensions as soon as possible. Pensions are of growing concern to a steadily aging university population and it is important that members should have easy access to good information, and be able to raise questions about the fund's operations and how it may be improved.

There is a relation between pensions and other staff monetary benefits such as disability, life and unemployment insurance, with respect to contributions as well as dovetailing benefits. Accordingly, the Joint Committee should consider whether a revised committee structure for pensions should include in its terms of reference these related benefits.

Discussion of these benefits arose in relation to pensions. At the request of the Association the University has provided information on the amounts of savings made in the areas of rebates on Long Term Disability premiums and Group Insurance premiums as well as premium reductions on Unemployment Insurance contributions. The legal position on the beneficial ownership of these funds is unclear. What is clear is the usual practice: these sums, having been committed by the employer to employee benefits should be used for further benefits. The University accepts this principle but has not reported in writing how the savings have been used. However, I do not believe that merely reporting after the event is adequate or wise. There is a need for the beneficiaries to participate in planning the use of these benefits. I would recommend that even before an appropriate committee structure is arrived at, the university should provide the Joint Committee with a report on what has been done with the savings in these areas over the past several years.

With respect to items 2 and 3 themselves, there is no disagreement between the parties that implementing them would improve the benefits of the pension plan. These benefits apply potentially to all members of the plan, so that there is no substantial question of equity among members involved. Implementation then, becomes a question of cost in view of the overall financial settlement. I have no clear impression of priorities; we know only that item 2 would cost an additional $106,000 and item 3 is estimated at over $500,000.

I am aware of the Association's concern for improvement in the plan and their desire to see even a token measure this year. I have come to the conclusion, however, that it would not be more than a token gesture, made out of context of a sound overview of the pension plan. It would seem wiser to permit these matters and related pension issues to be reviewed and for the parties to agree on priorities for improving pension benefits before next year's salary negotiations. At this time there appears to be no basis for urging one item in priority to the other, or both in priority to a portion of the economic increase for 1978–79.

ITEM 4: That rank salary ceilings be removed

It appears that the University is opposed to the removal of rank salary ceilings because it believes that a person who is unable to earn a promotion cannot be making a full academic contribution to the University. In particular, he or she is likely to be deficient as a scholar or researcher and may finish his career at the rank of associate professor. Therefore, except in special circumstances an associate professor should not be permitted to achieve the maximum salary levels that a full professor may attain.

The Association agrees that the rank of professor is recognition of high scholarly attainment and that in many cases those who do not qualify for promotion do not make a full range of contributions. However, it also believes that a substantial number of such people may excell in teaching and other duties even while making a less scholarly contribution; these people while not perhaps reaching the highest salary levels should not be subject to a numerical bar to salary increases, nor should they need to be such exceptional cases that each case for merit increase needs prior approval of the Provost. The question of merit increases ought to be left to department chairmen. I agree with the Association, but with an important qualification: when associate professors reach the present ceiling (adjusted for economic increases each year) a department chairman must consider carefully any recommendation for merit increases for them. He must provide a written statement setting out his reasons for the merit increase. (Funds for merit increases for associate professors in this position should be provided in the normal way as part of the departmental PTR pool.)

I believe such a system will provide adequate monitoring and control of abuse. If a particular department appears, in the opinion of the Provost, to be disregarding or abusing the arrangement, he may after consulting with the offending chairman, rescind any improper merit increases. This proposal leaves both the initiative and the primary responsibility for decision with the department chairman.

ITEM 5: Librarians' salaries

There appears to be a long-standing and deep-seated discontent among librarians about their general treatment and in particular about rank classification, career patterns and overall salary levels. According to the Association (see attached letter of February 6, 1978) this problem was recognized at least ten years ago and there have been a series of committees or working groups reporting at intervals ever since. The level of concern over this problem is indicated in the Memorandum of Agreement of June 28, 1978, under which this mediation has taken place. Article 3, and Appendix C, of the agreement are devoted to the revision of policies with respect to librarians. According to Appendix C, the directions from the President of the University are: "to recommend policies for librarians relating to appointment procedures, appointment of administrators in the library, criteria for promotions, dismissal, leave, and the *development of a rank and salary structure*" [emphasis mine]. This committee was to report before October 31, 1977, and I understand that it did report by November. The President's letter goes on to say, "The University understands that both parties to the Agreement will use their best efforts to deal with this matter promptly."

It seems clear that the University itself has recognized the need, indeed the urgency, for prompt action in this matter. I am informed that the Academic Affairs Committee is now reviewing the proposals of the Working Group. The University officers have estimated that the report will be presented to the Governing Council perhaps in late March, but that it will *not* contain salary proposals. These will subsequently be developed by the University officers themselves and presented later to Council. Further I am informed that the entire process will not be completed in time to take revised librarian salaries into account for the 1978–79 salary period.

Two observations are pertinent: (i) Appendix C clearly calls for the Working Group to deal with salary structure. It is surprising, therefore, to learn that the report does not deal with this matter, and that it is to be left to the University's officers. I do not understand "structures" to mean precise numerical amounts for salaries at every level, but rather the structural relationships among ranks and according to experience, and these relationships as a whole compared to regular academic salaries. Precise figures would then be put to the scheme during the salary negotiations contemplated under the Memorandum of Agreement. (ii) The primary responsibility for seeing this process through to its completion inevitably must fall upon the University, to use the President's words, to "use their best efforts to deal with this matter promptly." All the more is this true if, as the University officers have said, it is their task to develop the salary structure.

It is unreasonable to construe the word "promptly" in the context of the Memorandum of Agreement to mean that the scheme would be put in place two years later, that is, for the 1979–80

academic year. In these circumstances I can understand the anxiety and disappointment of library staff and believe it would be both unwise and unfair to leave this matter for another year. Even on an interim basis, some temporary remedial action should be taken: such action may well be the cost of the failure of the process to work as yet. The question is not one of blame but of responsibility: the University made an undertaking and ought to keep it, however imperfectly, in the name of fairness. My proposal, therefore, may well *not* be the one the Working Group should have recommended or that I would have suggested in the light of better information. But it will have to do.

First, the data that has been supplied to me is rather fragmentary and inconclusive, but it does tend to support two assertions of the Association: that salaries at the two lowest librarian levels are low by Toronto standards; and that there are a substantial number of anomalies in the career pattern of librarians, especially at the third level. It is no answer to speculate that at least some of these anomalies may be due to the fact that a number of librarians have chosen a second career and started late. We simply do not know, or at least I have not been provided with the information despite all the studies completed to date.

For our limited purposes I have chosen to make comparisons for the lower levels with the Toronto public library system. This comparison seems most appropriate because of the geographic proximity of the two groups. I have rejected "TABLE V", provided by the University, because it uses only a "mid-point" calculation, which may say little about real salaries. I am supported in this view because the difference between each of the ranks in that table is consistently about $1,000, a pattern that is not matched in any examples where actual mean salaries are used. Instead, I have chosen the "Pay Research Bureau Salary Survey" table provided by the University. At the two lower ranks this survey shows that University salaries are somewhat more than $800 below the Toronto library system. Accordingly, I recommend that all librarians in these ranks be given an $800 scale increase in addition to any other increases awarded. The group includes about 70 people making a total cost of about $55,000.

Second, I am assuming that pursuant to the Memorandum of Agreement "best efforts" will lead to the creation of a proper structure for librarians before the end of the current academic year. I would expect the University to give such assurances and to agree to place its proposals before the Joint Committee under Article 15, for consideration and comment. Of course, merely legislating new regulations will not be enough. When these new regulations are in place, library staff will be entitled to be assessed according to the established criteria, and to have anomalies removed. I think the best way to do this task is to appoint a one person commission, a single investigator to review matters and listen to any specific complaints, and to make specific recommendations for salary adjustments for individual librarians. For this process to be successful the University should make the appointment only after full consultation with the Association, and should provide an assured fund from which salary adjustments can be made effective July 1, 1978, even if the process is completed later in the year. The fund must be significant in order to be effective and to assure the library staff at this time that it is intended to be so. I suggest a figure of $60,000. The investigator would not be expected to distribute the entire fund; in that sense it is simply a guarantee. He or she would use only so much of it as is needed to remove anomalies, and it may be considerably less. The point is that the fund should be large enough.

ITEM 5a: Tutors and Senior Tutors

Prior to 1975–76 the University employed a variety of people with teaching duties but who were not considered part of regular academic staff. It appears that some were called "lecturers" and with respect to salaries were treated more or less like regular members at the rank of lecturer. Most were called instructors and their treatment, so far as I have been able to learn, followed no consistent scheme but varied from division to division. In an attempt to form a standard classification the University introduced the two new ranks of tutor and senior tutor in 1975–76. In this first transition year some of those carrying the new label were still treated like regular academic staff and received PTR increases. Others were given only an economic increase.

In 1976–77, those with four or more consecutive years of employment at the commencement of the 1976–77 year, were treated as regular academic staff and given normal PTR increases, but the rest received no more than the economic increase.

In the current year, those below the $22,240 salary breakpoint received $420 merit increase on average, and those above that salary level received an average of $290. The group as a whole received merit increases equivalent to 1.9% of salary.

The parties have now agreed to accept a scheme of salary increases as noted in "O.d" of the University summary of its final position. It is understood that the ceilings will be maintained for these ranks and taken into account when PTR formula funds are allocated to departments and divisions.

There remain at least two problems with these developments:

1 Each year has seen a different scheme. There is no consistency or systematic scheme yet developed that would be apparent to members of this group. This situation is probably demoralizing.

2 The scheme of tutors and senior tutors does not appear to have been sufficiently carefully thought out, and seems to lump dissimilar groups of people together such as teachers at UTS and tutors in large academic departments performing in an adjunct role. There may be other groups as well.

The question of revising the classification and treatment of tutors and senior tutors ought to be undertaken quickly. I understand that the Co-chairmen of the Joint Committee will request the Provost to investigate and collect information on all tutors and senior tutors and to develop a proposal for classifying and describing career development for the present group, to be presented to the Joint Committee for its consideration.

ITEM 6: Summer Stipends *and* ITEM 7: Dental Plan

The parties were agreed on the content of these two items before mediation, inasmuch as the rates for summer and winter-evening stipends for 1978–79 had been arrived at, and the costs and feasibility of the dental plan were mutually agreed. However, the Association support for implementing the dental plan was contingent on this benefit being additional to, and apart from, the economic increase. The University has stated that it will implement the plan only on condition that its contribution is deducted from the proposed economic increase, whatever the final level of that increase. In response, the Association states that if the economic increase were close to its request of 8%, the Association would seriously consider implementing the dental plan through a deduction from the economic increase as proposed by the University. In the event that the economic increase does not match its request, the Association still places a high priority on implementing the dental plan *not* through funds recovered by deduction from the economic increase, but by setting aside the increases for summer and winter-evening stipends. The amount thus saved would be a few thousand dollars less than the University contribution to the dental plan, on the basis that 75% sign up for it.

The University remains opposed to the alternative proposal of the Association, because it believes that unless the stipends are increased it will be "difficult to attract qualified individuals to teach in those programs [staffed through summer and winter evening stipends]". The position of the Association is as follows: "We agree that summer stipends need substantial increases. We supported those increases on the basis that augmentation of the general economic increase was equally necessary and that our 8% request would be met by the University. The effect of the University's position is to recognize the serious plight of salary levels with respect to stipends in offering increases of 15.2% and 6%, and yet to refuse to recognize at least as serious a plight with respect to regular salary levels in offering only a 3.75% economic increase. With such a low offer before us, we should have the option of foregoing the stipend increases and choosing the dental plan instead."

The position of the Association on this point seems clearly the more persuasive. The only response the University can make is that its regular academic staff are more or less "captive" for the 1978–79 academic year and eventually must content themselves with the final decision on the economic increase, while the University must go into the market to hire people willing to accept stipends at their current levels. I do not believe this is a legitimate position; it certainly does not appear to be fair to regular academic staff. Accordingly, I recommend that the dental plan be adopted at the option of the Association. If the required minimum of 75% of those eligible for coverage under the plan do not sign up, then the funds should be used as originally contemplated to improve summer and winter-evening stipends.

ITEM 8: Plan for joint membership in various facilities

It has been agreed in principle by both parties that a plan for voluntary joint membership in all the facilities under discussion is desirable, and if possible, should be implemented in time for September 1978. Essential for such a plan is the consolidation by the University of its contribution to these facilities at present, on behalf of faculty members, and the conversion of this sum into an estimated proportionate contribution to joint membership fees. It may be that to make the plan effective and attract faculty members to join and use the facilities (thus lowering the unit cost of the amenities and perhaps making food facilities more nearly self-supporting) the University will find it necessary to increase its contribution. It is recognized that if the joint fee is too high to attract enough members, the plan would be unsuccessful.

Since any additional amount needed to fund the scheme successfully is not likely to be large and, in any event, is not ascertained at this time, it is agreed that Item 8 is not part of the total salary agreement for 1978–79. The University will make its best effort to produce a suitable proposal that could be adopted by the end of June 1978. I note that the Association has requested that the joint membership fee should be "in the range of $4" per month, in order to make it sufficiently attractive to eligible staff members. I would urge the University to do its best to meet this request.

ITEM 11b: Guarantees on Home Mortgages

I understand that the parties are agreed in principle on the following outlines:

1 That the present guarantee program for first-time home purchasers will remain available with a new maximum of $40,000 instead of the former maximum of $20,000.

2 That a new program will be introduced for individuals purchasing a subsequent home, or arranging to refinance the existing secured obligations on their present home.

The University is at present exploring the most effective ways of implementing the new program, in order to minimize costs and maximize the benefits to those who take advantage of the program. Because the subject is a highly technical one it will take a little time to work out a suitable scheme. (The University has already provided a first tentative proposal.) All out-of-pocket administrative and legal expenses will continue to be the responsibility of home-owners.

ITEM 13: Free Tuition

Free tuition for dependents of academic staff (as well as to the staff themselves, as now provided) is a relatively low-cost item, and it will help those with family of university age or with family who at a later time wish to return to university studies. I understand also, that this benefit is available to academic staff at York University, the sister university in the Toronto area. In view of my recommendation about the economic increase I recommend that the proposal for free tuition for dependents of academic staff be adopted.

FINAL ITEM: The Economic Increase

On the main issue of the economic increase and related benefits which would add to the cost of the "package" for the 1978–79 academic year, the following is my summary of the salient points made by each side in the debate:

The Faculty Association says, "We need a minimum economic increase of 8% in salary levels in order not to slip even further behind in the purchasing power of our salaries over recent years. As it is, even an 8% increase will not match the current rate of inflation."

In response, the University says, "That is true; what you ask for is not unreasonable, and we would be pleased to give it to you if it were possible. However, you must recognize the following constraints: First, our maximum revenues are limited to an ascertainable sum based on the BIU count in the current year and the preceding three years, all mathematically calculable and to be made certain within the next few weeks. The only variable after that point will be the quantum of student fees based on actual registration next fall. Any additional sums of money from student registration that could be raised by an attempt to increase enrolment would be negligible, for several reasons. In the first place, the physical capacity of the university would be exceeded; second, we cannot easily direct students from one program to another where there may be vacancies; third, there is evidence that the number of students attending university is shrinking and any increases above our projections would be very difficult to attain without a significant change in our academic standards. [To illustrate, an increase above present projections of 1,000 students – which would be exceedingly difficult to accommodate – would bring in a total of under $1 million. As well, these 1,000 students could not be looked after cost-free; even the marginal increase in costs is likely to be very close to the fees collected.]

Second, the University, unlike either governments or businesses, has no way of increasing its revenues. The formula for calculating BIU income is so fashioned that any increase in student fees would be deducted from the government grant in BIU revenue. Business enterprises can charge higher prices for goods and services, governments can increase tax revenues, but the University cannot increase revenues – it can only cut expenses. We are convinced that any further cuts in expenses, in order to provide further funds for salary increases, would be dangerous for the welfare of the University. We simply cannot live beyond our income.

In response the Association says several things: First, we do not propose to substitute our judgment for yours on the details of a $250 million budget. That is your responsibility and your prerogative. On the other hand, we have reviewed your budget figures and are persuaded that many of the projected costs are variable and subjective in nature. That is, while not denying your good faith in arriving at these figures, another group of qualified officers might as easily arrive at another set of figures, figures that would have substantially lower fixed costs leaving a larger sum available for salary increases. Accordingly, we believe that the officers of the University, ought to revise and recalculate those figures so as to leave a larger sum for faculty salary increases.

Second, we believe that your history of forecasting in February for the fiscal year commencing the following May 1, has over recent years been consistently and notoriously pessimistic, and that by the end of the fiscal year the University has always been in better financial condition than originally predicted. One exception is the current year, but the accuracy of that prediction is largely fortuitous: if there has not been a shortfall in enrolment, the University would have had virtually no deficit this year. And that shortfall in enrolment, was due to a failure to take adequate measures to keep enrolment up to projected levels in some areas. Accordingly, the University should be willing to make a less pessimistic forecast and thereby free more funds for faculty salaries.

Finally, there would be nothing wrong, at least in the shortrun, in budgeting for a deficit that actually did occur, so long as that deficit was not excessive. Indeed, it might have the salutary affect of showing the Government of Ontario that the only way for the University to look after the just and fair claims of its constituency, is to budget for a deficit.

The response of the University officers to this, appears to be as follows: Any large institution with a fixed revenue must budget according to its maximum probable debts and obligations. That some of the University's debts and obligations do not materialize in the course of the year is quite likely, and the University has allowed for this factor in recent years. It estimates underspending for the fiscal year in arriving at the bottom-line figure of a deficit or surplus. In addition, when a university is budgeting for a deficit, there are strong incentives to make as many savings and adjustments as possible during the year to cut down the size of the deficit. Indeed the budget forecasting is now as certain as we can make it, and has proven to be accurate. These observations might not in themselves seem a sufficient response, but two matters in particular illustrate the difficulties. First, in two recent years, during the budget year itself, the government made unexpected supplementary grants from unused portions of the M.C.U. budget in amounts of $462,000 and $443,000 respectively. The latter sum was announced in late January of the 1977 budget year for the express purpose of "helping to reduce any anticipated deficit." It is not possible for the University to count on such help.

Second, in order to encourage divisions to save money where possible, the University introduced during 1975–76 an incentive system of "carry forwards"; a division that managed to save funds in one budget year could keep those funds (in the first year of the experiment, only one-half could be saved) for the next budget year, to mitigate future difficulties. These funds, aggregated, appear in the University's account as savings. Frequently they are no more than deferred expenditures. If the University took over all such funds centrally, it would, from a division's point of view, be as if they had lapsed, and the incentive would disappear; divisions would almost certainly spend the funds in the current budget year rather than allow them to lapse and thus the savings would also disappear! In this sense such "surpluses" are illusory: either they remain in the hands of divisions to give a little flexibility, and accordingly are not available for central purposes such as an economic increase, or the attempt to bring them into the central budget would cause them to disappear entirely.

We should also note that each year budget planning has become more thorough and exhaustive in order to improve the accuracy of our forecasting. This year, in particular, we have shared our figures with the Faculty Association and the mediator, so that there has been a much broader scrutiny. Accordingly, we think that there are no further savings to be made and that our forecast for our year-end budget position is as accurate as possible and not too pessimistic.

On the final issue, of budgeting for a deficit, we would agree that if it were for one year only, and there were a reasonable expectation that the problem would not be repeated, we could consider budgeting for a deficit, even if we could not recoup the deficit within the succeeding few years. However, that appears not to be the position. The proposed funding of universities by the Government of Ontario has fallen some 4% behind the cost of living – with no provision made for the career development funds needed for faculty members, adding a further burden of over 2%. The government has further stated that it intends to continue this pressure to squeeze the universities for at least another 2 years, that is, that there will be further cuts of 4% per year in real purchasing power in 1979–80 and 1980–81. As a result, any deficit we build into the operating budget for the current year, will only aggravate our financial plight in the following year. It would then take even more drastic measures than we have taken this year in order to get rid of the deficit.

We are convinced that the University cannot continue to operate on a chronic deficit – a deficit of a substantial sum of money built into the budget from the beginning of the year, and accumulating over a period of years.

How is a mediator to deal with such an impasse? I accept the case of the Association that the economic increase requested is not unreasonable. Indeed, I would go further: the request is moderate, restrained and responsible. On the other hand, is it the task of a mediator to take on the role of a financial analyst, to substitute – in the absence of any glaring or obvious errors – his judgment for that of the University's senior officers, who have worked diligently to produce the best budget they can? It also seems to me inappropriate for a mediator to request that a university enter into obligations that will create a larger deficit than it feels it can stand, for if my recommendation is insufficiently persuasive to be accepted by the Governing Council, the mediation must fail. It will not have served the best interests of the parties concerned.

On the other hand, if all that a mediator can do is say to the Association, "You have a strong case and you ought to get the increases you have requested, but there is insufficient money in the pot and you must simply take what the University offers," – is that an acceptable position in which to leave an Association that has bargained in good faith? It entered into an agreement with the University on the assumption that the terms were fair and workable, and that its demands would receive the weight they merit in arriving at a settlement; yet here those demands, admitted to be sound, receive virtually no weight at all. Will the Association find any point in this kind of "bargaining"?

As I have pointed out, this insoluble situation has been created by the inadequate funding levels granted the universities by the Government of Ontario. In this sense it is not possible for a mediator's recommendation to be a fair solution to the problem.

Examination of Four Budget Years, 1973 to 1977

It seems to me that the most important argument left to the Association is the inaccuracy of University budget forecasting: if indeed the University has persistently forecast budget deficits in recent years but has ended up with surpluses, then it would be reasonable to argue that this pessimism could be taken into account by introducing a budget-saving factor and turning this sum into economic increases. Accordingly, I have done my best in the short time available to gain an understanding of the four most recent completed budget years in order to test the assertion of the Association.

There is a preliminary point to make: any differences in figures given me by the University officers and those given by the Association, I attribute to different sources, timing or understanding of the accounting process. I do not think that anyone simply chose sets of figures in order to buttress a position.

A second point of great concern to me is the size and complexity of the University budget. The amount is about $250 million and it is difficult to imagine a more complicated structure. Some of these difficulties were evident in classifying tutors and senior tutors as employees of the University earlier in this report.

Finally, I have considerable anxiety about my ability to convey verbally the consequences of examining the numerical data, but I must try.

In 1973–74, the University forecast a budget deficit of about $2 million. At year's end there was a surplus of $0.9 million. Thus, there was a very large difference of almost $3 million, with no detailed explanation available to me at this moment. I cannot assume that the explanation would be helpful or unhelpful, but the amount is significant. I can only note that at the time, it was probably much easier to cut back during the budget year and reduce predicted expenditures than it has been since. Without further information the forecast appears to have been more pessimistic than was justified.

In 1974–75, the University forecast a deficit of $0.9 million, and ended the year with a somewhat larger deficit of $1.3 million. We should note, however, that in June 1974, the University recognized that it had been rather pessimistic and apparently concluded that it would probably end with a slight surplus, or a balanced budget. In the second month of the fiscal year, it decided to pay $200 extra to all University employees. Thus, the anticipated improvement in financial position was converted into an economic increase to assist employees at a time when the inflation rate was rising rapidly. Had the University not paid its employees an extra $1.3 million in this fashion, it would have had a balanced budget. It made an adjustment early in the budget year for the benefit of employees. Otherwise its over-estimate of deficit would have been $0.9 million, much more accurate than in the preceding year.

In 1975–76, the University forecast was for a deficit of $3.9 million. There seems to have been some misunderstanding about this figure: the budget deficit estimate was for $5.4 million *before* allowing for underspending, but with an allowance of $1.5 million for underspending the forecast deficit was the lower figure of $3.9 million. Indeed, it was the lower figure that was headlined in the University Bulletin, February 28, 1975. At year end the deficit was under $2 million, showing an apparent pessimism of $2 million in forecasting. However, this figure is illusory. As explained earlier, during the 1975–76 year, the University introduced the system of "carry forwards", to encourage divisions to create contingency reserve funds by deferring or cutting costs where possible during the budget year. It was not possible to predict how successful this policy would be, and as explained earlier, the savings left with divisions could not be used for university-wide purposes such as economic increases in salary. At year end, divisions had saved about $2.2 million in carry forwards, and these funds are shown in the University budget sheet as overall savings, reducing the deficit from slightly over $4 million to slightly under $2 million. Without this carry forward policy, the 1975–76 budget forecast would have been a little optimistic. In fact, the deficit would have been larger by a further $0.46 million if, as noted earlier, the Government had not unexpectedly made a grant in that amount late in the budget year. The deficit would then have been about $0.6 million greater than forecast. In other words, the effect of the carry forwards and the late government grant on the year end figures is to make the budget forecast appear too pessimistic, whereas once these adjustments are understood it is more reasonable to conclude that the forecast was quite accurate and slightly optimistic rather than pessimistic.

In 1976–77, the University forecast a deficit of $2.1 million *before* underspending; it allowed $2.0 million for underspending and forecast a deficit of $0.1 million (or a balanced budget for practical purposes). It ended the year with a surplus of $0.4 million. It would at first appear that the University was very slightly pessimistic –by $0.5 million in a budget approaching $250 million. However, we should note that the *difference* between the carry forwards at the beginning and at the end of the fiscal year could affect the apparent surplus or deficit. Carry forwards increased from $2.2 million to about $2.7 million (that is, about $0.5 million more came into the carry forward accounts than went out) increasing the apparent surplus side of accounts by $0.5 million. In addition, as noted earlier, the Government made one more unexpected grant in January 1977 of $0.44 million. These two items total $0.94 million, and if they are subtracted from the apparent surplus of $0.4 million, there would be a deficit of over $0.5 million. Thus for a second year the University forecast can be viewed as slightly optimistic.

With respect to the current year there is no evidence that the universities of Ontario will receive a third unexpected grant from the Government. Current estimates are that the forecast deficit for this year will be very close to the year end figure. If enrolment had reached its target figure in the fall there would have been a surplus of perhaps $0.5 million, but at this point it is not possible to say with certainty what the exact figure will be.

In summary, the earliest budget I reviewed was quite inaccurate and on the pessimistic side; the following one was much closer (within $1.0 million) and employees were given an immediate benefit; and the following two budgets were

not pessimistic when the factors I have discussed are taken into account. In fact they appear to have been remarkably accurate. There is no reason to expect the current budget not to be within the same narrow range. If I am correct in this analysis, as I believe I am, it is unfortunate that both sides did not spend the necessary effort to make sure that they understood the budget figures in the way I have described them. On this point, I come to the conclusion that the University has *not* consistently forecast its budgets too pessimistically by substantial amounts, so that it would be reasonable to assume that it has done so again for 1978–79. I cannot recommend a further increase in the University proposal for an economic increase on the basis that its forecasting errors justify a budget-saving factor.

The Proposed Budget for 1978–79

As already noted, I have no grounds for substituting my judgment on the soundness of budget items for the judgment of the University's officers. I cannot say, "That item is too high," or, "This item should be eliminated." On the other hand, I have before me two proposals drawn just six days apart. The first, "TABLE I BUDGET MODEL, AMPLIFICATION TO BC-10 Rev. 1" dated February 3, 1978, contains some twenty items other than totals and sub-totals. The second, "BUDGET MODEL, BC 10 Rev. 4", dated February 9, 1978, is a revised version, in which well over half of the items have been recalculated. As sample items of change, the two largest, "Program needs and other addbacks" has been changed from 3.9 to 2.1 million, and "Inflation on non-salary budgets" has been changed from 2 to 1 million. As a result of these cuts, added to other item cuts, "Rollbacks to be assigned" in the sum of $3.8 million has been eliminated.

The effect of all these item changes is to leave the budget bottom line unaffected. However, the fact that changes of this order can be undertaken within a few days, based no doubt on agonizing scrutiny of the budget, reflection and judgment, does illustrate that we are not in the area of exact science. While I cannot recommend that the University simply make all the calculations in one direction and thus produce funds for a substantial rise in the economic increase offered, it leads me to conclude that there is no magic or exact precision in the proposed 3.75% economic increase. But the lack of precision is not sufficient to justify a recommendation that the University change that part of the offer.

I do recommend, however, that the lack of precision is sufficient to enable the University to absorb *outside the economic increase* the costs of my earlier recommendations concerning, salary ceilings, tutors' and senior tutors' salaries, funds for alleviating the situation of library staff, any increase that may occur through a high percentage of sign-ups for the dental plan and for free tuition for dependents.

It has been extremely difficult to come to the conclusion that in the role of mediator I cannot recommend an increase beyond that offered by the University. I fully agree with the arguments of the Association that faculty members and librarians at the University of Toronto are entitled to an economic increase of at least 8%. However, the perception of the University budget by its officers is not one with which I can successfully argue. It may be that the Governing Council would consider budgeting for a deficit in order to bring the economic increase to at least 6%. In any event, should there be any increase in revenues above the University's current estimates, or any decrease or saving in current budgeted expenditures, either in the present year or in 1978–79, I recommend that these funds be committed specifically to augment the economic increase to a level not to exceed 8%.

As a footnote, permit me to add that this process has required painful decisions because it is evident that both parties have made every effort to be reasonable and fair, but of course from different sides of the table. For reasons dwelled on at length, it was not possible to make recommendations in the belief that they were a "solution". There is no solution in the present financial conditions imposed by the Government of Ontario.

February 16, 1978 D.A. SOBERMAN

February 6, 1978

Professor D.A. Soberman,
Faculty of Law,
Queen's University,
Kingston, Ontario

Dear Professor Soberman:

As we noted Sunday, the urgency of the librarian problem deserves further comment. The fact is, it has been festering since the late sixties: a partial reflection of its complexity, but even more of the Administration's reluctance to act even when the need to do so has not been contentious. This was why our group, and Carole Weiss in particular, were so sensitive to the idea of yet another committee on the library.

Since 1968, no less than seven University committees, task forces, negotiating teams and/or working groups[1] have grappled with the personnel problems and working conditions of professional librarians – and the University still awaits a new policy. Meanwhile, the conditions which gave rise to the first study in 1968 still fester. To summarize briefly, all of these reports have criticized the lack of a meaningful rank-salary structure, the failure to provide adequate career incentives and policies, and the almost total absence of adequate rank-age-salary data on librarians.

The absence of adequate data still remains a major drawback. This lack seems particularly surprising since the University has had ten years (i.e., since 1968) to prepare it, but still has not done so. Accordingly, the Association believes strongly that action must be taken in the current negotiations to at least partially rectify the problem, pending its long-term solution.

Of course, we sincerely hope that you will be able to extract the information which we need, and which has not been available as yet. And if this can be done, then obviously the merits of the case will become more explicit. In this connection, we would emphasize the following:

1) In the almost total absence of a rank-salary structure (*sic*), individual anomalies are rampant. Indeed, inequities are too widespread, and felt by too many in the library, to make a profile of existing salaries meaningful (in the sense of being correct). A profile may document the existing situation, but it will not solve it.
2) Similarly, since most librarians are women, it is fair to say that their role expectations have changed enormously in the last decade; e.g., differing attitudes toward family, career, etc. This no doubt partially explains the "flatness" of the salary profile which the Administration presented, for the fact is that women's career patterns have changed decisively.
3) These changing patterns perhaps will also explain why entering or newly employed librarians are earning not much less ($2–3,000) than those with ten to twenty years' experience.
4) Whatever profiles are presented will show that the gap between senior library administrators and the professional staff is enormous. The present Librarian 4 category, for example, includes only two persons who are not administrators, and Senior Administrators earn far, far more. This too argues the inadequacy of existing distribution.

In brief, we urge that the flatness of the existing salary structures for professional librarians, because of the changing career patterns in the last decade, past anomalies which have been built in, and the inadequacy of an avenue of advancement outside of the administrative chain, argues strongly for change, not retention, of the status quo. To achieve this, we believe the immediate grant of an additional fund ($112,000) to be awarded exclusively on the basis of merit would be an essential first step. (Our precise arguments on this point are on pages 25–27 of our *Brief*.)

A second step, pending the development of an appropriate career profile (one which reflects current realities and expectations as well as past anomalies and inequities) would be to grant a merit sum for this year similar in the basic dollar amount apportioned per individual to the faculty, in order to further ameliorate this problem.

Finally, we urge a special committee be established as a subcommittee of the UTFA/Administration Joint Committee to develop appropriate profiles and guidelines for a career advancement plan for professional librarians prior to salary negotiations next year.

Most importantly, however, we do not believe that the establishment of a committee, without partial rectification this year, would be adequate or would be supported by our membership. The problem is too acute, and has been ignored too long. Something concrete must be done first, and then the committee can proceed. Otherwise, I am honestly afraid that no matter how hard we try, the University will never regain the confidence of this large and important body of its members.

Sincerely,

J.E. SMITH
President

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[1] P.S. Ross Report (independent consulting firm, engaged 1968, reported 1970); Brief of Reference Librarians, February, 1974; Report of the President's Working Group on the Library (June, 1974); Governing Council Working Group on the Status of Librarians (Fluery Committee, 1975–76); Management Review and Analysis Program (1976–77); UTFA Draft Agreement, and negotiations thereon, 1976–77; Report of Working Group to Formulate Policies for Librarians (November, 1977).

Report of the Budget Committee 1978-79

President's message regarding the Report of the Budget Committee

Within the past few days we have received confirmation from the Provincial Government of the amount of funding we will receive in 1978-79. This will be almost exactly the amount that the Budget Committee had calculated on the basis of the earlier government announcement of the global sum available; therefore no change in the budget modelling is involved.

The increase in government grants is 5.8%, but with frozen tuition fee levels the increase in our basic operating income will be 4.8%. In view of the actual rate of inflation of goods and services, the government's action will represent a further significant decrease in the purchasing power of this university. This is particularly bleak news since the Provincial Treasurer's forecast implies the probability of similar treatment for the next two or three years.

The academic divisions and the non-academic divisions of the University were asked by the Budget Committee to reduce their level of proposed expenditures by 3% and 5%, respectively. The Budget Committee has made its judgments on the extent to which any of these funds could be returned to the individual divisions on the basis of careful analysis of divisional objectives and priorities, workload comparisons, instructional activity indices, etc. The harmful effects of the budget reductions will have on our academic standards are recognized and mentioned in the Budget Committee's report.

Salaries constitute one of the most important elements in expenditure changes because they represent four-fifths of the total budget. The salary increases that were recommended by the administration for the budget year 1978-79 will be significantly in excess of our total increase in income from all sources; this difference can only be met by non-replacement of academic and non-academic staff who leave, and by further encroachment on the non-salary items in the budget.

It should be recognized throughout the University that the responsibility for inadequate income levels is not wholly at the government's door: we have penalized ourselves by failing to meet our own steady-state enrolment targets. There is a heavy responsibility on the heads of academic divisions to maintain those targets despite our staffing difficulties, and on all those involved in the process of undergraduate and graduate admissions, transfers, registrations and withdrawals. The fact that in the past we have attracted large numbers of interested applicants for the programmes of the University should not lead to complacency about our admissions and retention rates.

In a period of financial contraction, the task of preparing a budget is particularly onerous and unrewarding. A special debt of gratitude is therefore due to the Budget Committee and its administrative staff for their arduous and conscientious labours to integrate an enormous amount of information gathered over the past several years and to reach enlightened judgments as to what is most important to the health and purposes of the individual divisions and the University as a whole.

John Evans

UNIVERSITY OF TORONTO/RECOMMENDED 1978-79 BUDGET (Financial Report)

	Recommended 1978-79 Budget	Projected changes from 1977-78 Increase (Decrease)
INCOME		
General University Income:		
Government Formula Grants	$160,605,934	$ 8,823,685
Government Special Formula Grants	73,468	20,940
Student Fees	25,322,624	135,961
Total Formula Income	186,002,026	8,980,586
Other General University Income	4,818,000	428,900
	190,820,026	9,409,486
Divisional Income	17,998,877	1,641,969
Ancillary Enterprises	12,829,033	2,371,927
	221,647,936	13,423,382
Assisted Research, Interest on Capital Debentures, Municipal Taxes	48,723,315	6,158,650
	270,371,251	19,582,032
EXPENSE		
Total Expenses of Primary Operations	$200,537,069	$ 358,289
Total Expenses of Ancillary Enterprises	12,868,239	2,411,133
Salary and Wage Increase Provision	8,900,000	8,900,000
	222,305,308	$11,669,422
Assisted Research, Interest on Capital Debentures, Municipal Taxes	48,723,315	6,158,650
	$271,028,623	$17,828,072
Budget Net Income (Expense)	(657,372)	1,753,960
Estimated Underspending and Income Variance	500,000	(500,000)
ANTICIPATED ACTUAL NET INCOME (EXPENSE)	$ (157,372)	$ 1,253,960

Annotations to the Recommended 1978-79 Financial Report

Income and Expense: Divisional income is derived from such sources, for example, as incidental fees, sales of goods and services, and fees for continuing education courses. This income is credited directly to the respective department or division. Formula income (that is, income from the provincial government's grant and grant related student fees) is not credited to divisions, but instead is regarded as general university income.

Provision for Salaries and Other Costs: The University's budget is established for a 12-month fiscal year (May 1st to April 30th). Most salary increases are effective at the beginning of the academic year (July 1st), consequently, salaries for May and June 1978 are already committed for the 1978-79 fiscal budget. This commitment has already been built into the recommended divisional budgets for 1978-79.

Staff Benefits: All recommendations for staff complement changes include staff benefits.

Status of the Financial Report: As the Budget Committee's recommendations note, wherever there are questions about exact dollar amounts, the recommended budget—financial report should be understood to represent the Committee's precise instructions.

	Recommended 1978-79 Budget			Projected Changes for 1978-79		
Budget Group	Gross Expense	Divisional Income	Net Expense	Gross Expense	Divisional Income	Net Expense
Arts and Science, Colleges and Schools (Group I)	70,513,970	1,834,350	68,679,620	(470,797)	(139,358)	(331,439)
Health Sciences (Group II)	33,620,782	3,336,586	30,284,196	(85,420)	168,000	(253,420)
Other Professional Faculties (Group III)	29,306,767	1,549,195	27,757,572	(252,122)	(51,175)	(200,947)
Other Academic Costs (Group IV)	1,299,862	2,700	1,297,162	(1,223,846)		(1,223,846)
Total Academic Expenses	134,741,381	6,722,831	128,018,550	(2,032,185)	(22,533)	(2,009,652)
Academic Services (Group V)	19,911,463	6,652,117	13,259,346	1,563,549	1,127,055	436,494
Campus and Student Services (Group VI)	3,794,588	2,172,848	1,621,740	107,457	152,964	(45,507)
Administration (Group VII)	13,273,483	841,231	12,432,252	318,222	300,190	18,032
General University Expense (Group VIII)	4,297,883		4,297,883	(348,713)		(348,713)
Physical Plant:						
Maintenance and Services	15,191,105	600,566	14,590,539	27,147	16,000	11,147
Utilities and Rent	8,987,166	1,009,284	7,977,882	532,812	68,293	464,519
Accommodation and Facilities	340,000		340,000	190,000		190,000
Total Physical Plant (Group IX)	24,518,271	1,609,850	22,908,421	749,959	84,293	665,666
Sub-total	200,537,069	17,998,877	182,538,192	358,289	1,641,962	(1,283,680)
Ancillary Enterprises (Group X)	12,868,239	12,829,033	39,206	2,411,133	2,371,927	39,206
TOTAL OPERATING BUDGET	213,405,308	30,827,910	182,577,398	2,769,422	4,013,896	(1,244,474)

Introduction

The Budget Guidelines

Development of a budget for a university as large and complex as the University of Toronto is a difficult and laborious process that extends over many months and involves all parts of the University.

The first step in preparing a budget for 1978-79 was taken in the fall of 1977 when the Budget Guidelines were discussed and approved by the Planning and Resources Committee. The purpose of the Budget Guidelines was to provide a program and resource perspective that would guide the Budget Committee by suggesting policies and priorities, and by noting areas to which special attention should be given.

A fundamental component of the Budget Guidelines was a carefully developed long-range financial model that described the University's probable financial positions for each year from 1978-79 to 1982-83. The model comprised several separate projections that varied according to informed assumptions about income, expense, rates of inflation, enrolment, and government funding schedules. The University of Toronto has for several years urged the government to announce its funding schedule and the total amount of funding early enough in the academic year to permit universities to develop their budgets within known levels of income. But the government continues to announce its funding schedules late in the academic year. The long-range financial model, therefore, contains several alternative projections.

Whatever funding schedule the government decides to follow, enrolment will be a critical factor in the equation that determines the University's income for 1978-79. The University's enrolment declined, in most areas unexpectedly, in 1977-78. Because of the "slip year" factor in the Operating Grants Formula, income that was lost through enrolment declines in 1977-78 will reduce the University's income in 1978-79. Although the long-range financial model initially assumed that enrolment lost in 1977-78 would be restored, the assumption was amended after a review conducted under the aegis of the Office of the Provost indicated that lost enrolment might not be restored fully.

The Governing Council has adopted a policy that limits the University's cumulative deficit to 1.5 per cent of operating income, which is approximately $3.1 million. As a result of budgetary pressures in past years, the cumulative deficit has reached $2.8 million, which is nearly the maximum level permissible. The size of the deficit is now at the point where the University has very little flexibility to cushion or defer financial shortfalls by incurring larger deficits.

The undesirability of further deficit financing and realistic assumptions about government funding combined to require the Budget Guidelines to call for a balanced budget in 1978-79. To achieve a balanced budget in 1978-79, the Budget Guidelines called for a budget reduction of $4 million or an offsetting increase in income of the same amount.

The Guidelines established several broad program objectives for the Budget Committee. Among the most salient of these was the need to review the one-time-only budget allocations that were added to the 1977-78 budget and the need to make allowance for new program initiatives. The Guidelines directed the Budget Committee to take the recommendations of the Planning and Priorities Subcommittee into account wherever possible.

The Planning and Priorities Subcommittee's *Interim Report* was not at hand when the Budget Guidelines were approved, but it was understood that the *Report* would be available to advise the Committee about program priorities and objectives and, thereby, to link planning and budgeting. In order to meet the necessary reduction, the Budget Committee was also advised that it should review carefully the level of staffing in all areas of the University. For academic divisions, the Guidelines suggested that the Committee should review Instructional Activity Indices and other measures of academic activity. For non-academic divisions and activities, the Guidelines suggested that the Committee should review general academic support, academic services, student services, physical plant, and administrative services across divisions to eliminate any unnecessary duplication of service.

The Budget Committee also was asked to pay careful attention to the operation of the University's ancillary services and in particular to ensure that all costs of the ancillaries were recovered. The Guidelines further directed the Committee to examine all opportunities for maximizing University income.

Developing the Budget

In past years, the Budget Committee has organized the University's budget into several broad categories that comprise similar elements. Eleven major groups of related divisions or categories of expense were formed, some with particular reference to the Budget Guidelines.

Budget Group O
General Income
Budget Group I
Arts and Science, Colleges and Schools
Budget Group II
Health Sciences
Budget Group III
Other Professional Faculties
Budget Group IV
Other Academic Costs
Budget Group V
Academic Services
Budget Group VI
Campus and Student Services
Budget Group VII
Administration
Budget Group VIII
General University Expense
Budget Group IX
Physical Plant
Budget Group X
Ancillaries

As in previous years, a Budget Group Officer was assigned to develop budget recommendations for each Budget Group. The Vice-Provosts were Budget Group Officers for the academic divisions and the Library. The Vice-President, Business Affairs, was the Budget Group Officer for general income, ancillaries, physical plant and academic services, excluding the Library. The Vice-President, Research and Planning, was the Budget Group Officer for administration and other academic costs. The Vice-President, Internal Affairs, was the Budget Group Officer for campus and student services.

Development of the Budget began in the summer when the Budget Group Officers met with divisional heads to explain the Budget Guidelines and the organization of the Budget Committee. For academic divisions, additional meetings were held with the Office of the Provost and the Office of the Vice-President, Research and Planning, to explain the relationship between the Budget Committee and the Planning and Priorities Subcommittee. Because the Planning and Priorities Subcommittee's *Interim Report* was to advise the Budget Committee about program priorities and objectives, the head of each division was asked to inform the Subcommittee before the *Interim Report* was submitted about any program initiative that would have implications for the 1978-79 budget. The Budget Committee would not consider any new program initiative without the advice of the Planning and Priorities Subcommittee.

Before divisional budget submissions were made in the fall, the Budget Development Group (comprising the Chairman and Vice-Chairman of the Budget Committee, the Budget Group Officers, the Comptroller, the Director of Finance, the Director of the Budget Office, and the Director of University Planning and Analysis) met to prepare material for the Budget Committee and to undertake some of the special analyses called for by the Budget Guidelines. Among the analyses that were undertaken by the Group were studies of the effects of inflation, development of up-to-date Instructional Activity Indices, reviews of all ancillary operations and opportunities for income maximization.

When each division's budget submission was received, it was reviewed by the respective Budget Group Officer and analysed by the Budget Office and the Office of the Vice-President, Research and Planning. The submissions and the analyses of them were reviewed in detail by special sub-groups of the Budget Committee which were assigned to each Budget Group. Each sub-group met with the respective division heads and Budget Group Officer to discuss the submissions and investigate areas that were unclear or problematic. The fundamental purpose of these meetings was to gain as clearly as possible an understanding of the effects that proposed budget reductions would have on programs and the improvements that would be achieved by proposed budget additions.

The Budget Group Officers, with the advice of the sub-groups, then presented specific recommendations to the Budget Committee.

The Budget Process

The University's budget for 1977-78 was built on the 1976-77 base budget, which essentially was continued unchanged for one year with a variety of additions that were recommended by the Budget Committee. The Budget Guidelines and, in particular, the financial model made it plainly evident that the University's base budget for 1978-79 could not be continued at 1977-78 levels. Therefore, academic divisions were informed that their 1978-79 base budgets, unadjusted for salary increases, could initially be no greater than 97 per cent of their 1977-78 base budgets. For non-academic divisions, the upper limit of base budget continuation was 95 per cent. For the Scarborough and Erindale campuses, the upper limit was 97 per cent in academic areas and 95 per cent in non-academic areas. The decision to seek lower levels of continuation in non-academic areas was made not because there were more opportunities for saving in those areas, but because the Budget Committee concluded that a higher priority should be given to protecting budgets that had the greatest direct effects on the quality of education, scholarship, and research in the University.

The head of each division was asked to make a submission to the Budget Committee which explained, first, the reduction that would have to be made to meet the base budget (the 97 and 95 per cent limitations) and, second, the effect that the reductions would have on the quality of programs and levels of service. Divisions were not permitted to propose budget reductions that would either unilaterally transfer budget reductions or service commitments to other divisions, or reduce University income without a net reduction in expense.

The Budget Guidelines suggested that the Budget Committee should make provision for new program initiatives and program development. The Guidelines also explained that the exact level of University income for 1978-79 could not be projected precisely at the time the Guidelines were set. In order to make provision for program initiatives and development, and to allow for variations in projected income, the head of each division was asked also to explain what additions and add-backs should be made to the division's budget if it was eventually possible to raise the upper limit of base budget continuations.

Given the Budget Guidelines' suggestion that provision should be made for program initiatives and development, the Budget Committee concluded that some portion of the saving that would be derived from the initial three and five per cent base budget reductions should be used to redistribute income within and among divisions. Because of this provision, in some divisions the proposals for reduction and addition were not in all cases directly reciprocal. There is, then, a meaningful and desirable distinction between "additions" and "add-backs" to base budgets.

Because of the severe pressures on the University's resources, each division's head was asked to categorize proposals for reduction and addition into groups according to the probable implications of the proposals. For example, a proposed reduction might have been categorized as having implications for the level of academic staffing; or an addition might have been proposed for program expansion. The purpose of this categorization was to ensure that the Budget Committee fully comprehended the probable outcome of budget reductions and additions. It was critical that the Budget Committee should know this. Because of the severity of budget reductions and the paucity of opportunities for program initiatives and development, the Budget Committee concluded that its recommendations had to be made selectively. Uniform reductions and additions across the University were rejected because in most cases they are not effective means of husbanding resources and using them with maximum efficiency.

But there were some broad areas that the Budget Committee did decide to view, at least initially, from a University-wide perspective. It became apparent from reviewing submissions from the divisions that almost every division sought additional funding to compensate for the effect of inflation on the costs of supplies and other non-salary expenses. Rather than attempting to make a separate recommendation for every division that requested a budget addition or add-back to offset the effects of inflation, the Committee decided first to determine a total amount that should be allocated to offset inflation throughout the University. From this review, it was possible to estimate a base of expenses to which an inflation adjustment should be applied. The base was estimated to be $16.7 million, which excluded several types of expense which were affected by inflation, but were considered separately (for example, fellowships and the grant to the Federated Colleges). It was then decided that an increase of six per cent should be applied to the University-wide base to determine the amount that should be made available across the University to offset inflation. The amount was slightly more than $1 million. The inflation fund thus determined was allocated among areas of expense in this way: Arts and Science, Colleges and Schools (including the University of Toronto Library), $276,000; Health Sciences, $166,000; Other Professional Faculties, $138,000; Other Academic Costs, $12,000; Campus and Student Services, $28,000; Academic Administration, $64,000; Business Affairs, $15,000; General University Expense, $56,000; and Physical Plant—maintenance and services, $245,000. It then became the responsibility of Budget Group Officers to allocate the separate funds to each division. Therefore, the base budget recommendation for each division includes an allocation designed to compensate for the effects of inflation. *It is the deliberate intention of the Budget Committee that these funds should indeed be used for the purpose for which they are provided and not for any other purpose, however legitimate.*

The Budget Committee took a similar approach to requests for funding to offset the effects of inflation and currency devaluation on library acquisitions. Although recommendations for library

acquisitions are made separately on a divisional basis, the amount of each recommendation was set by applying the general principle that library acquisition budgets should be protected.

The Budget Committee also took a broad view of the University-wide need for funding to support the purchase and replacement of equipment. A $400,000 fund has been included in Budget Group VIII: General University Expenses.

The Budget Committee concluded that a provision also should be made generally to limit the extent to which academic divisions may reduce their expenses for teaching assistants. *Therefore, we recommend that divisional expenses (in the 14 Account) for teaching assistants may not be reduced by more than three per cent in 1978-79.*

All of the Budget Committee's recommendations for increasing budget expenses are identified deliberately and clearly as being made to either the base budget or to expenses for 1978-79 only. The University cannot be sanguine about its income prospects for the forseeable future. The unexpected decline in enrolment has raised further doubts about income. For these reasons the Budget Committee has taken great care to make distinctions between increases in expense which must be made on a continuing basis and those which can be guaranteed for one year only. In a few cases, the Committee recommended an increase in base budget expense for more than one year, but with a definite date for termination and review. The principle underlying the decision to distinguish between continuing expenses and "one-time-only" expenses was to retain as much flexibility as possible for future budgeting.

Budget Recommendations

The Budget Committee's recommendation for each division sets out five expense amounts. These are:

1. *Reversal of 1977-78 one-time-only expense.* The reduction removed from the budget all expenses that were included for 1977-78 only in accordance with the Budget Committee's report for 1977-78. Some of these expenses are restored in additions and add-backs for 1978-79, but only on the express recommendation of the Budget Committee; none is restored automatically.
2. *The base budget reduction that was applied in accordance with the Budget Guidelines.* This reduction is based on the 1978-79 base budget's being set at 97 per cent and 95 per cent of the 1977-78 base budget for academic and non-academic divisions respectively.
3. *Additions and add-backs*
   a. *Additions and add-backs to the base budget on a continuing basis.*
   b. *Additions and add-backs to the budget for 1978-79 only.* To obviate any misunderstanding, we shall state explicitly that additions restricted to 1978-79 will not be extended into 1979-80 except on the express recommendation of the Budget Committee for 1979-80.

   Net addition or reduction before PTR/merit recovery. This amount is the sum of the reversal of one-time-only expense (Item 1), the base budget reduction initially requested (Item 2), the additions and add-backs to the base budget (Item 3.a) and the additions and add-backs for 1978-79 only (Item 3.b). This amount does *not* include PTR (progress-through-the-ranks)/merit recovery, which may reduce salary budgets.
4. *Transfers, offsetting divisional income, and May-June salary commitment.* Transfers involve the relocation of expense accounts among divisions. They do not represent net increases or decreases in the University's total expense.

   Several divisions receive income through fees that are charged for services and non-credit courses. The expense of the services or non-credit instruction can be increased if the added expense is offset by corresponding increases in divisional income. Thus some additions recommended by the Budget Committee for expense budgets will be offset, either partially or wholly, by increased divisional income.

   The University's fiscal year does not coincide with the academic year. The fiscal year begins on May 1 and ends on April 30, whereas the academic year begins on July 1 and ends on June 30. Consequently, the salaries for May and June of 1978 are already committed on the basis of the 1977-78 budget. This provision, therefore, is to account for the May-June portion of salary expense.
5. *Total net budget adjustment.* This amount is the sum of the reversal of 1977-1978 one-time-only expense (Item 1), the base budget reduction initially requested (Item 2), the additions and add-backs (the sum of Items 3.a and 3.b) and provision for transfers, offsetting divisional income, and May-June salaries (Item 4). This is the amount by which the division's base budget for 1978-79 differs from its base budget for 1977-78, before salary adjustments for 1978-79.

In developing the budget, the Budget Committee wished to avoid specific recommendations that might impinge unnecessarily on the responsibilities of divisional heads. Consequently, in most cases the Budget Committee's report does not specify how the Committee's recommendations should be implemented. Where the report does not indicate how a recommendation will be carried out, the Budget Committee expects that the divisional head, in consultation with the vice-presidential office to which he or she reports, will implement the recommendation in whatever fashion is most suitable to the division. Divisional heads should follow the Budget Guidelines and the general policies noted in the Budget Committee's report in implementing the recommendations.

In those cases where the recommendations do specify how a reduction or addition should be made, it is the Budget Committee's expectation that the division will in fact undertake to adjust its budget according to the recommendation. The Committee understands that circumstances may change in such a way that the division may have different means and opportunities to carry out a recommendation. Where this occurs, the division's head should consult with the appropriate vice-presidential office to arrange an amendment.

Following each recommendation, there is a brief summary of the probable consequences of the recommendation. The summary is included not as a prescription or binding requirement for the division, but as a description to inform members of the University about the budgetary issues in the division and the probable implications of the recommendation.

Wherever there is a question about exact dollar amounts, the Financial Report should be considered the precise expression of the Budget Committee's intentions.

All budget additions and add-backs for staff appointments represent full finding. There will be no further adjustments for May-June in the subsequent period. Each addition or add-back to fund appointments to either academic or support staff includes both salaries and benefits. There will be no additional provisions for benefits.

Budget Group 0
General Income

Income Budget

This year, for the first time, the Budget Committee established a special Budget Group for income. The Planning and Priorities Subcommittee's *Interim Report* expressly recommended that the University should make an intense effort to maximize income from all sources and to explore new sources.

In 1977-78, about 97 per cent of the University's base budget income was determined by the government's Operating Grants Formula (Formula grants, Formula fees, and special Formula grants). The remaining income is derived from unrestricted endowment income, investment income, finance charges on University loans, overhead recoveries, administrative services charges, and fees for applications and registrations. In 1978-79, investment income will increase because of anticipated higher rates of return on long-term funds and specific surplus trust funds. Income from finance charges will decrease as major loans are repaid in 1978-79. Income from overhead recoveries will increase as a result of recoveries from grants made from The Connaught Fund.

Income Opportunities and Maximization

Because so great a portion of the University's income is based on enrolment, the Budget Committee recognized that the greatest opportunities for maximizing income are in areas associated with the admission and registration of students. Three specific areas were identified for special attention.

1. To forestall under-enrolment, the Provost has established a special executive group to review all aspects of enrolment planning including applications, offers of admission, retention of enrolled students, and registration. The group comprises: Professor Eva Swenson, Co-ordinator of Academic Services; Mr. William Kent, Director of Admissions; and Dr. Daniel W. Lang, Director of University Planning and Analysis. The group, chaired by Professor Swenson, will monitor all aspects of enrolment and admissions in 1978-79 and advise the Provost and the Vice-President, Research and Planning, about enrolment objectives and a permanent structure for ensuring that unplanned enrolment declines do not occur.

To improve or at least maintain the number and quality of students who seek admission to the University, we recommend substantial additions to the budget of the Office of Admissions (Budget Group IV).

2. The University receives Formula grant income only for students who are properly registered in the University on four specified dates. For funding purposes course registration is a critical factor. The University's registration procedures and record systems sometimes do not ensure that all students are counted and eligible for Formula funding. We, therefore, recommend that:

– Academic divisions should carefully consider the dates that are set for withdrawing from programs and courses. These dates should not unnecessarily precede the dates on which enrolment is counted for funding purposes, which are November 1, February 1, June 25, and July 20.
– Academic divisions should not backdate withdrawals for any reason.
– Each academic division should rigorously ensure that all students who are enrolled in the division are properly registered.
– The functions and procedures of Student Records System should be carefully reviewed.

We estimate that implementation of these recommendations might increase the University's annual income by between $150,000 and $430,000 in fees and perhaps as much as $1.25 million in grants. These are rough estimates that cannot be guaranteed, but we note them in order to emphasize the magnitude of the problem.

3. The Basic Income Unit, which is the keystone of the government's Operating Grants Formula, has two components: fees and grants. In allocating the Formula grant, the government assumes that each university will collect the entire Formula fee. The University of Toronto does not collect the full Formula fee for several of its programs, thus in effect discounting the maximum amount of Formula income for which we are eligible. We believe that this practice should be abandoned.

We, therefore, recommend that these tuition fees should be raised to coincide with the Formula fee:

	Current fee	Formula fee
– Dentistry	$840	$855
– Forestry	$690	$705
– Art as Applied to Medicine	$670	$680
– Nursing	$625	$670
– Education		
B.Ed.	$680	$685
Diploma	$680	$685
Institute of Child Study	$625	$685
Summer programs	$115/140	$140

The Academic Affairs Committee of the Governing Council approved these fee increases on February 9, 1978.

The appropriate level of tuition fees is a problematic and contentious issue. Although the Budget Committee did not consider or make a firm conclusion about tuition fees generally, we are concerned that the proportion of educational costs which students are asked to meet from their own or their families' resources is not being maintained, and in fact declines as the grant portion of the Basic Income Unit increases. We suggest that the University should give serious consideration to a policy that would at least maintain the proportion of costs which is met by tuition fees and, perhaps, would increase that proportion.

Budget Group I
Arts and Science, Colleges and Schools

Faculty of Arts and Science

Recommended Budget Changes

	$
1. Reversal of 1977-78 one-time-only expense:	(100,000)
2. Initial budget reduction at three per cent:	(1,200,238)
3. Additions and add-backs	
a. To base budget:	333,500
b. For 1978-79 only:	50,000
Net addition or reduction before PTR/merit recovery:	(916,738)
4. Provision for transfers, offsetting divisional income, and May-June salaries:	434,258
5. Total net budget adjustment	(482,480)

Despite its large and multi-department structure, the Faculty of Arts and Science has little flexibility for making major adjustments in its budget. Nevertheless, the Budget Committee must necessarily recommend a large net reduction because the Faculty's expense constitutes a large portion of the total University budget. While instructional demands have increased in several other academic divisions, they have generally decreased in the Faculty of Arts and Science.

If the entire reduction that was initially requested were imposed, the Faculty probably would have to discontinue as many as 30 academic positions and 5 non-academic positions in addition to making major reductions in expenses for teaching assistants, equipment, and supplies. Important improvements in administrative services would be postponed, probably at the expense of effective resource management. Because a large portion of the Faculty's academic staff is tenured, in the tenure-stream, or hold multi-year contracts, opportunities for budget reductions are few and unfortunately not evenly distributed among departments. There are some departments, particularly in the social sciences, that have such heavy instructional workloads that the opportunities in them for budget reductions should be foregone to protect the quality of instruction and scholarship.

To mitigate some of the most severe repercussions of the reduction for which we initially called, we recommend add-backs to the Faculty's base budget to maintain sufficient levels of staffing in language programs and to accommodate the salaries of Faculty members who are returning to the Faculty after having held administrative appointments for several years. To obviate similar needs, we suggest that the Dean of the Faculty and the Director of the Budget Office should develop a means of monitoring and controlling the financial implications of staff members accepting and returning from appointments outside the Faculty.

We also recommend an addition for 1978-79 only to fund research leaves where the balance between staff departing and returning is not sufficient to support necessary replacement appointments.

Past reductions in the Faculty's budget have seriously eroded the Faculty's equipment, supplies, and other non-salary budgets. The central equipment fund and the provision ($128,500) to offset inflation in supplies and other non-salary expenses will ameliorate some of the harm that has been done and will be done by budget reductions.

Despite these additions and add-backs, the effect of reductions on the Faculty's programs will indeed be very severe.

Constituent Colleges

Last year the Budget Committee recognized that the budgetary concerns of University College, Innis College and New College were, in many respects, similar. The similarities were associated with a common concern about the financial implications of implementing the Memorandum of Understanding. The Federated Colleges shared this concern. The budget Committee for 1977-78 agreed with the Colleges that the aims of the Memorandum should be achieved and that additional funding was needed to enable the Constituent and Federated Colleges and the Faculty of Arts and Science to move towards successful implementation of the Memorandum. Therefore, the Budget Committee recommended that a $300,000 fund ($200,000 to the base budget and $100,000 for 1977-78 only) should be established in the Office of the Provost for distribution to the Faculty and the Colleges after the Provost had consulted with the Dean and the Principals.

We believe that the base budget support provided by the fund that was established last year should be continued, but that the fund should be disassembled and the consequent allocations should be made directly to the base budgets of the Colleges. We have concluded that the portion of the fund which was provided for 1977-78 only should be continued in the base budget beginning in 1978-79.

These recommendations can be summarized in this way:

	University College $	New College $	Innis College $
Reversal of 1977-78 one-time only expense	(21,667)	(16,666)	(6,666)
Initial budget reduction at three per cent	(27,665)	(15,501)	(12,375)
Transfer from central base-budget fund for 1977-78	89,332	50,000	20,000
Addition from "one-time-only" allocation for 1977-78	21,667	16,666	6,666
Addition to offset the effects of inflation on supplies and other non-salary expense	3,000	1,600	900
Net addition or reduction before PTR/merit recovery	64,667	36,099	8,525
Provision for May-June salary commitment	8,679	4,514	3,158
Total net budget adjustment	73,346	40,613	11,683

Because the Colleges had the use of funds in 1977-78 that for 1978-79 will be transferred and added-back from the fund previously located in the Office of the Provost to aid in implementing the Memorandum of Understanding, the additions recommended will not improve or expand the College programs, but will help to maintain them at the 1977-78 level. There will in fact be reductions in the Colleges' 1978-79 expenses when compared to their actual expenditures in 1977-78. In University College, the position of College Activities Co-ordinator will be discontinued. In New College, some courses and extra-curricular music instruction may be discontinued, and library acquisitions sharply curtailed. In Innis College courses and tutorials will be discontinued. All of these reductions will undermine the quality of the collegiate experience.

Federated Colleges

The Financial Arrangements stipulation of the Memorandum of Understanding requires that the University annual provide a block grant to St. Michael's College, Trinity College, and Victoria College. The amount of the block grant is determined by a formula that generally follows the policies set by the Budget Guidelines and implemented in the Budget Committee's recommendations. We recommend that the block grant to the Federated Colleges for 1978-79 should be increased by $64,060 in the base budget.

The Federated Colleges and the Constituent Colleges shared, through the Faculty of Arts and Science, the $300,000 special fund that was established in 1977-78 to enable the Colleges and the Faculty to move towards successful implementation of the Memorandum of Understanding. We recommend that for 1978-79 the fund should be disassembled and the consequent allocations should be made to the base budgets of the Colleges, We, therefore, recommend that $55,000 should be added to the base budget for allocation to the Federated Colleges.

Woodsworth College

Recommend Budget Changes

		$
1.	Reversal of 1977-78 one-time-only expense	(13,364)
2.	Initial budget reduction at three per cent:	(76,234)
3.	Additions and add-backs	
	a. To base budget:	58,300
	b. For 1978-79 only:	134,952
	Net addition or reduction before PTR/merit recovery:	103,654
4.	Provision for transfers, offsetting divisional income, and May-June salaries:	47,298
5.	Total net budget adjustment:	150,952

Last year the Budget Committee recommended that the College's Off-Campus Program should be funded for one year only through the recovery of fees income so that the program could be managed on an income/expense basis that was sensitive to enrolment. We recommend that the provision that was made last year should be continued for 1978-79 only. This recommendation necessitates an increase in the College's expenses and a corresponding decrease in general university income as fees income is transferred to the College. By this arrangement, we intend to make it possible for the College to estimate the cost of the Off-Campus Program and to ensure that the cost does not exceed income from fees. Any fees income in excess of costs can be used by the College only with the express approval of the Office of the Provost.

The recommendation regarding the Off-Campus Program constitutes the majority of the additions and add-backs that should be made to the College's budget. Other than an addition of $4,000 to offset the effects of inflation on supplies and other non-salary expenses, the remaining additions and add-backs are associated with proposals to increase enrolment in the College.

Last year, the College received a "one-year-only" provision of $31,300 to increase the number of courses that were offered in the summer session and, thereby, to increase enrolment. The provision was successful. We, therefore, recommend that the provision for 1977-78 only be continued in the base budget beginning in 1978-79 and that an additional $35,000 should be provided for 1978-79 only. We have divided the recommendation into base budget and "one-time-only" components because it is not clear to what extent summer session enrolment can be increased by these measures.

Another recommendation that is made with a concern for enrolment is an add-back that will enable the College to continue the Summer French Program in Strasbourg. The Program generates income in excess of cost.

These additions and add-backs will not offset entirely the need to reduce expenses elsewhere in the College. The number of course offerings in the part-time Bachelor of Education program will be decreased, as will support for teaching assistance.

Scarborough College

Recommended Budget Changes

		$
1.	Reversal of 1977-78 one-time-only expense:	(21,000)
2.	Initial budget reduction at three per cent:	(381,729)
3.	Additions and add-backs	
	a. To base budget:	253,106
	b. For 1978-79 only:	96,775
	Net addition or reduction before PTR/merit recovery:	(52,848)
4.	Provision for transfers, offsetting divisional Income, and May-June salaries:	27,425
5.	Total net budget adjustment:	(25,423)

Scarborough College's total budget was a composite assembly of several separate units: academic expense, library expense, administrative expense, expense of campus and student services, and physical plant expense. The reductions initially requested were for three per cent in academic areas and five per cent in non-academic areas. In several areas (for example, the library and physical plant), the Budget Committee's specific recommendations for the College are applications of general decisions that affect several divisions.

The College's library expenses should be increased (by $42,490) as library budgets are increased in the central University of Toronto library to offset the effects of inflation and currency devaluation on library acquisitions and supplies. Physical plant expenses in the College should be increased by $101,517 to meet the rising costs of utilities and rent, to offset the effects of inflation on supplies and other non-salary expenses, and to place in the operating budget expenses that previously were funded separately through the Ministry of Colleges and Universities' special allocation for building maintenance.

An appointment in career counselling at the College will be added as part of our general recommendation for Campus and Student Services (Budget Group VI). By increasing divisional income from athletics and the health service, the College can forestall reductions in those areas.

The total recommended addition to offset the effects of inflation on all supplies and other non-salary expenses is $50,000.

Because reductions that were made in previous years fell more heavily on non-academic budgets, opportunities for further reductions in these budgets are not numerous. The total reduction for which our recommendation calls will undermine the quality of the College's academic program. Several academic and support positions will be discontinued and funding for teaching assistance reduced. The provision for additional expense to offset the effect of inflation on supplies and other non-salary items will mitigate to some extent the severity of these reductions.

We have recommended three additions to the College's budget for 1978-79 only. One addition will support replacement appointments that cannot be accommodated through the normal rates of return

and departure of faculty on research leave.

The other additions for 1978-79 only will enable the College to develop its summer programs. The College has developed proposals to improve its summer programs in art and language and, thereby, to increase enrolment in the summer. The Summer Language Institute, which has always been located at the College but has been administered through the School of Continuing Studies, should become the administrative and budgetary responsibility of the College. The College should be allowed to retain the fees from non-credit enrolment in the Institute. The transfer will reduce the cost of the Institute and, in turn, reduce the amount of the implicit subsidy that had been incurred by the shortfall between income and expense in the School. Responsibility for the Institute will be transferred to the College on the condition that by 1979-80 the College will either eliminate the net expense of the Institute or absorb the net expense into the base budget of the College. After 1978-79 there should be no further subsidies for the Summer Language Institute.

Two years ago the College introduced the first co-operative program in the University. The Co-operative Program in Public Administration has expanded according to the schedule that was originally set for it. A fundamental component of the Program is on-the-job experience to complement the academic program. We recommend an addition to the base budget to meet a portion of the expense of appointing a co-ordinator to arrange the placement of students in positions in public agencies. The balance of the expense should be met by a placement fee.

Erindale College

Recommended Budget Changes

	$
1. Reversal of 1977-78 one-time-only expense:	(79,700)
2. Initial budget reduction at three per cent:	(380,119)
3. Additions and add-backs	
a. To base budget:	269,508
b. For 1978-79 only:	58,116
Net addition or reduction before PTR/merit recovery:	(132,195)
4. Provision for transfers, offsetting divisional income, and May-June salaries:	102,439
5. Total net budget adjustment:	(29,756)

Erindale College has grown significantly in recent years and this growth has been noted by past Budget Committees. Because growth at the College has occurred recently, the age/rank profile of the College's faculty shows an uneven distribution which creates some problems for budget adjustment when funds become scarce and enrolment stabilizes. The budget adjustments that will be necessary in 1978-79 are major. If the reduction that was initially requested was fully implemented, the College would have to reduce its academic complement by perhaps as many as a dozen positions and its support staff complement by as many as 7 positions. These would be substantial and harmful reductions indeed; they would seriously undermine the quality of the College's academic program and reduce the levels of service that support the program.

We have decided that several additions and add-backs should be made to the College's budget in order to ameliorate some of the most damaging effects of the reductions. We recommend that $55,000 be added to the College's base budget to offset the effects of inflation on supplies and other non-salary expenses.

The College's courses in the social sciences are under severe pressure from enrolment. We therefore recommend that an addition be made for 1978-79 only to maintain academic staffing in this area.

Because more staff will leave on research leave than will return in 1978-79, we recommend that $30,000 be added to the College's budget for next year only to enable the college to make replacement appointments.

Following our general concern about library acquisitions, we also recommend that $35,000 be added to the College base budget book fund.

Additional expenses in campus and student services are recommended and should be offset by increases in divisional income. Additional expense in the Office of the Principal also should be offset by increases in divisional income.

The College's share of the addition made to physical plant budgets to replace support previously provided by the Ministry apart from the operating budget should be $104,800. We also recommend additions for increases in utilities, rents and local sewer taxes.

In making these recommendations, we regarded the College's budget as a composite assembly of several separate units: academic expense, library expense, administrative expense, expense of campus and student services, and physical plant expense. The reductions initially requested were for three per cent in academic areas and five per cent in non-academic areas. In several areas, our recommendations for the College are applications of general decisions that affect several divisions.

School of Graduate Studies

Recommended Budget Changes

	$
1. Reversal of 1977-78 one-time-only expense:	(250,000)
2. Initial budget reduction at three per cent:	(174,139)
3. Additions and add-backs	
a. To base budget:	64,619
b. For 1978-79 only	229,700
Net addition or reduction before PTR/merit recovery:	(129,820)
4. Provision for transfers, offsetting divisional income, and May-June salaries:	8,314
5. Total net budget adjustment:	(121,504)

School of Graduate Studies and Graduate Institutes and Centres

The School of Graduate Studies comprises three distinct components: administration, graduate institutes and centres, and fellowships. The role and organization of the School was reviewed by the Planning and Priorities Subcommittee in 1977-78 and the documents that supported that review were available to the Budget Committee so that the Committee might gain a full understanding of the School's plans. Last year the Dean of the School presented in his budget submission a detailed plan for reorganizing the School's programs and services. The Budget Committee for 1977-78 commended the School's efforts to link planning and budgeting and recommended that support should be provided to enable the School to undertake the reorganization. Given the careful review and deliberate reorganization, the School is not now in a position to make further reductions easily and without seriously damaging programs and services.

One result of making a reduction at the level initially requested would be to interrupt the planned reorganization that last year's Budget Committee supported and that will ultimately reduce the expense of the School's administration. We, therefore, recommend that $25,000 be added-back to the School's budget for 1978-79 only, by the end of which time the reorganization will be completed.

The graduate decanal budget is not large enough to enable the School to fund administrative leaves for departing staff while also funding replacements for them. This is an endemic problem in the School given its role and structure. We, therefore, recommend that $34,700 be added to the School's budget for 1978-79 only. Although the need for additions like this one will recur, the amount that will be needed cannot be forecast precisely. Consequently, our recommendation is for one year only.

Under our general recommendation for base budget increases to offset the effects of inflation on supplies and other non-salary expenses, the School should receive an addition of $16,000.

Even with these additions and add-backs, the School may have to reduce its administrative staff by eliminating three positions. Because the School's administration has already been streamlined, the impact of the reduction cannot be absorbed without some serious harm to the quality and levels of service.

Some reductions in the expense of the School's Graduate Insititutes and Centres will be made by eliminating two cross-appointed positions. Although the Budget Guidelines generally proscribe reductions that would be accomplished in this way, the Budget Committee recognizes that this type of reduction is necessary in the School's case because the academic staff in the Institutes and Centres are virtually all cross-appointed from academic departments. One of these reductions will result in a major redefinition of what is now the Institute for Applied Statistics. Redefinition of this Institute will also result in a small reduction in the School's support staff. Another of the reductions will affect the role of the Institute of Environmental Studies.

We recommend that, in addition to the general provision to compensate for the effects of inflation, there should be only one addition to the School's expense for Graduate Institutes and Centres. When the Centre for Industrial Relations initiated the Master of Industrial Relations program in 1976-77 it was recognized that the Centre would require additional funding as enrolment in the program grew. We, therefore, recommend that $10,000 be added to the School's base budget for this purpose.

Fellowships

With the inception of the Ministry of Colleges and Universities' increased fee schedule for graduate students who hold student visas, the Budget Committee for 1977-78 recommended that $100,000 should be added to the School's fellowship budget for one year only to increase the number of Open Fellowships and, thereby, to offset partially the burden of the increase in fees. We recommend that this provision should be continued for 1978-79 only. We also recommend that $70,000 should be added to the School's bursary fund to assist graduate students who hold student visas. This recommendation also is for 1978-79 only and is intended to mitigate some of the inequity that the Ministry's fee schedule imposes on students.

Last year the Budget Committee recommended that funds for Open Fellowships should be increased to allow the School to follow its policy of maintaining the value of the University's Open Fellowships at approximately the value of Ontario Graduate Scholarships. We believe that this policy should again be implemented and we, therefore, recommend that $60,000 be added to the School's base fellowship budget for this purpose.

The Budget Committee was impressed by the case that the School made for increased graduate student support in its submission to the Planning and Priorities Subcommittee. We are hopeful that the Subcommittee, in developing its final report, will give serious attention to the School's proposals.

School of Continuing Studies

Our basic recommendation is that the School of Continuing Studies should operate on a self-supporting basis. The School's income should at least match its expenditures, including building amortization, rental expense, and fee waivers for senior citizens. Our recommendation reaffirms the recommendations of the Budget Committee for 1976-77 and 1977-78.

The School has not been able recently to produce the revenues necessary to balance expense. This inability was in part due to the School's offering some programs for which costs could not be fully recovered through fees. These programs were the Summer Language Institute and the English-as-a-Second-Language programs. Responsibility for the Summer Language Institute will be transferred to Scarborough College in 1978-79. In our recommendations for Budget Group IV—Other Academic Costs, we provide an allocation to meet the costs of the English-as-a-Second-Language programs. By these recommendations, we hope to set a realistic income and expense schedule for the School. Income should balance expense at $1,643,100.

To implement this schedule, the School will have to reduce its expenses by about three per cent, which may result in the discontinuation of some courses that do not produce enough income to offset expense. Program expansion and improvement will also be limited, although savings in some areas should produce opportunities for initiating new offerings in other areas.

Some of the courses for which expense exceeds income are in the humanities. In the Faculty of Arts and Science levels of instructional activity in some humanities departments have declined significantly. We, therefore, suggest that the Director of the School and the Dean of the Faculty should seriously consider the feasibility of arrangements by which courses can be offered at costs that do not exceed income.

In establishing an income and expense schedule for the School, we have made a provision to offset the effects of inflation on supplies and other non-salary expenses.

The Planning and Priorities Subcommittee will review the School's objectives and priorities in the spring of 1978. We believe that this review is urgently needed and should be completed before the School's programs and expenses are expanded further.

Budget Group II
Health Sciences

Faculty of Dentistry

Recommended Budget Changes

	$
1. Reversal of 1977-78 one-time-only expense:	(49,500)
2. Initial budget reduction at three per cent	(165,615)
3. Additions and add-backs	
a. To base budget:	127,700
b. For 1978-79 only:	44,000
Net addition or reduction before PTR/merit recovery:	(43,415)
4. Provision for transfers, offsetting divisional income, and May-June salaries:	47,051
5. Total net budget adjustment:	3,636

When compared to most academic divisions, the Faculty of Dentistry's supplies and other non-salary expense is proportionately very large because of the needs of the Dental Clinic. Therefore, the major part ($65,000) of our recommendation for increases in the Faculty's base budget expense will be used to compensate for the impact of inflation. A large portion of the recommended add-backs will also be applied to maintain the Dental Clinic, which is central to the undergraduate dental program. The educational effectiveness of the Clinic depends on there being a satisfactory flow of patients through it. To maintain a satisfactory flow of patients through the Clinic a basic level of service and staffing must be provided.

The Faculty's budget for 1978-79 should be increased to reflect the instruction that the Faculty provides to the dental hygiene program at George Brown College of Applied Arts and Technology. The cost of this instruction is recovered by the University. We, therefore, recommend that a portion of this recovery should be assigned to the Faculty's 1978-79 budget. Because the cost of the instruction and the income recovered is based on enrolment which cannot be projected with certainty, we recommend that this expense be added for 1978-79 only.

The Faculty will increase divisional income and decrease expenses for several services in order to adjust its budget in accordance with the Budget Committee's recommendation. The decrease may result in undergraduate students' having to do more technical work than is necessary from an educational perspective. The adjustment may also result in a reduction in the level of computing service in the Faculty and in some reductions in support staffing. The Faculty's plans to improve clinical services and instruction cannot be implemented because of the level of reductions which must be made.

Faculty of Medicine

Recommended Budget Changes

	$
1. Reversal of 1977-78 one-time-only expense:	(44,500)
2. Initial budget reduction at three per cent:	(667,659)
3. Additions and add-backs	
a. To base budget:	297,000
b. For 1978-79 only:	–
Net addition or reduction before PTR/merit recovery:	(415,159)
4. Provision for transfers, offsetting divisional income, and May-June salaries:	126,386
5. Total net budget adjustment:	(288,773)

Most of the funds that we recommend should be added to the Faculty of Medicine's base budget will be made available through increases in the Faculty's divisional income. The remaining additions to expense will: support an essential testing program in the Biosafety Office; offset (by $90,000) the effects of inflation on supplies and other non-salary expenses, which are a large part of the Faculty's total expense; and provide support for academic staffing.

The Budget Committee's recommendation will have serious implications for the Faculty. Reductions may limit the development of new programs, several of which are very important to the quality of education and scholarship in the Faculty. Some full-time positions may be converted to part-time, which could diminish the Faculty's ability to manage some parts of its programs effectively. The Faculty may increase the charges that it makes for services to research grants and contracts although a large increase perhaps will impede research. The Faculty may have to discontinue its search for replacements to fill several important positions that are now vacant.

We want to emphasize that our comments about the probable implications of reductions in the Faculty's budget are general and descriptive. The Budget Committee does not intend to prescribe specific reductions that might limit the Faculty's flexibility to adjust to the recommendations as it sees fit. The total reduction is large and will undoubtedly have an erosive impact on the Faculty's programs, services, and the morale of its staff.

Faculty of Nursing

Recommended Budget Changes

	$
1. Reversal of 1977-78 one-time-only expense:	–
2. Initial budget reduction at three per cent:	(40,754)
3. Additions and add-backs	
a. To base budget:	25,653
b. For 1978-79 only:	1,460
Net addition or reduction before PTR/merit recovery:	(13,641)
4. Provision for transfers, offsetting divisional income, and May-June salaries:	17,846
5. Total net budget adjustment:	4,205

When the Faculty of Nursing presented its divisional objectives to the Governing Council's Planning and Resources Committee, the objectives included a plan for unifying the Baccalaureate program. The objectives were reviewed and endorsed by the Planning and Priorities Subcommittee in 1976-77. The plan essentially calls for a single program with multiple entry points to accommodate part-time and full-time students and students with varying preparatory backgrounds. The Faculty's divisional objectives were approved and a schedule was undertaken for gradually unifying the Baccalaureate program. The Budget Committee has recommended an add-back to the base budget to enable the Faculty to complete its plans for unification of the undergraduate program.

The recommended additions to the Faculty's base budget will meet the costs of teleprocessing and will offset the effects of inflation on supplies and non-salary expenses. The addition for inflation should be $3,000.

The Faculty of Nursing is one of the academic divisions that the Co-ordinator of Academic Services has recommended should be equipped to be linked with the University's student information network in 1978-79. The Budget Committee's recommendation provides for the costs associated with the Co-ordinator's recommendation.

The effect of the Committee's recommendation probably will result in a reduction in academic staffing. The effect of the reduction will be severe because the Faculty has little curricular flexibility and has few opportunities to alter instructional methods. The Faculty's staff—both academic and non-academic—already carries heavy workloads, which will necessarily be intensified further by the reduction.

Faculty of Pharmacy

Recommended Budget Changes

	$
1. Reversal of 1977-78 one-time-only expense:	–
2. Initial budget reduction at three per cent:	(32,732)
3. Additions and add-backs	
a. To base budget:	36,000
b. For 1978-79 only:	–
Net addition or reduction before PTR/merit recovery:	3,268
4. Provision for transfers, offsetting divisional income, and May-June salaries:	11,824
5. Total net budget adjustment	15,092

The Faculty of Pharmacy has a high level of instructional activity within a curriculum that is in many respects unalterable. The undergraduate pharmacy curriculum must keep pace with advances in pharmacology and professional practice. By recommending that an addition should be made to the Faculty's base budget, the Budget Committee hopes to enable the Faculty to improve the program in pharmaceutical and medicinal chemistry, which is a part of the curriculum that is under intense pressure for greater academic staffing and curricular development.

The recommendation also will relieve some of the pressure on the Faculty's support staff. A recent analysis that was conducted by the Personnel Department indicated that the Faculty was in need of increased non-academic support.

The effect of inflation on supplies and other non-salary expense will be partly offset by an addition of $6,000 to the base budget.

The Faculty of Pharmacy is one of a few divisions for which our recommendation for additions to the base budget exceeds the reduction initially requested. We have noted that the Planning and Priorities Subcommittee's *Interim Report* recognizes the intense instructional workload that bears on the Faculty's staff—both academic and non-academic.

School of Physical and Health Education

Recommended Budget Changes

	$
1. Reversal of 1977-78 one-time-only expense:	–
2. Initial budget reduction at three per cent:	(12,587)
3. Additions and add-backs	
a. To base budget:	18,366
b. For 1978-79 only:	1,460
Net addition or reduction before PTR/merit recovery:	7,239
4. Provision for transfers, offsetting divisional income, and May-June salaries:	5,181
5. Total net budget adjustment:	12,420

The School of Physical and Health Education has a very high Instructional Activity Index and proposes to maintain a high level of enrolment in 1978-79. The effectiveness of the School's academic staff depends in part on administrative co-ordination. Last year, in accordance with the School's divisional objectives, which have the approval of the Governing Council and were recently reaffirmed by the Planning and Priorities Subcommittee, the Budget Committee recommended that funding should be provided for the appointment of an administrative assistant. We have recommended an add-back to the School's base budget so that this position can be continued. Our recommendation will also help to offset the effect of inflation on the School's supplies and expense budget by adding $2,000 to the School's base budget.

The School is one of the divisions that the Co-ordinator of Academic Services has recommended should be equipped to be linked with the University's teleprocessing network in 1978-79. The "one-time-only" addition that we have recommended will provide the needed equipment. A portion of the recommended addition to the base budget will provide for the continuing expense of teleprocessing.

Budget Group III Other Professional Faculties

Faculty of Applied Science and Engineering

Recommended Budget Changes

	$
1. Reversal of 1977-78 one-time-only expense:	(8,800)
1. Initial budget reduction at three per cent:	(296,315)
3. Additions and add-backs	
a. To base budget:	96,500
b. For 1978-79 only:	29,000
Net addition or reduction before PTR/merit recovery:	(179,615)
4. Provision for transfers, offsetting divisional income, and May-June salaries:	105,723
5. Total net budget adjustment:	(73,892)

Additions and add-backs to the Faculty's base budget are, with the exception of the funding ($47,000) to offset the effects of inflation, associated with academic staffing. Support will be restored for teaching assistants in some departments. A critical appointment in the Institute for Aerospace Studies can be partially replaced in response to increasing graduate enrolments and research activities. For several years, a portion of an academic position in the Mineral Engineering program was supported by a private corporation. This support was withdrawn last year. Last year's Budget Committee recommended a "one-time-only" addition to continue with a part-time appointment in Mineral Engineering. We have concluded that this "one-time-only" provision should be converted to the base budget beginning in 1978-79.

Like several other divisions, the Faculty of Applied Science and Engineering is experiencing an increased incidence of requests for research leave. The balance between staff leaving and returning on research leave has not reached the point where self-funding is possible. The "one-time-only" funds will support research leaves.

Given the size of its budget and its multi-departmental organization, the Budget Committee expects that the Faculty will have several alternatives for accomplishing the net reduction for which the recommendation calls. We do not wish to restrict the Faculty's flexibility to exercise these alternatives. The Faculty's budget submission suggests that the main impact of the reduction will be felt in the number and frequency of elective courses and in the purchase of equipment which supports instruction. This impact will threaten the breadth and quality of education and scholarship in the Faculty.

School of Architecture

Recommended Budget Changes

	$
1. Reversal of 1977-78 one-time-only expense:	(32,000)
2. Initial budget reduction at three per cent:	(24,595)
3. Additions and add-backs	
a. To base budget:	10,000
b. For 1978-79 only:	21,736
Net addition or reduction before PTR/merit recovery:	(24,859)
4. Provision for transfers, offsetting divisional income, and May-June salaries:	10,023
5. Total net budget adjustment:	(14,836)

The School's budgets for supplies and other non-salary expenses have been under severe pressure to the extent that funds were not available to publish a calendar or to meet external association fees in 1977-78. The Committee's recommendation will permit a real increase in supplies expense. We also recommend that $5,000 should be added to the School's base budget to offset some of the impact of inflation on supplies and other non-salary expenses.

When the Faculty of Architecture, Urban and Regional Planning and Landscape Architecture was disassembled in 1975-76, some support staff capacity was lost, but the School's staff still provides a level of service close to that which it provided previously. The School will reorganize its support service. Part of the "one-time-only" recommendation will maintain the level of support staffing while the reorganization is undertaken. The "one-time-only" recommendation will also provide support to continue the May-June salary commitment of two academic appointments that will be discontinued by retirement in 1979-80.

The "one-time-only" expense for 1977-78 will be recovered in 1978-79 by staff retirements, which will increase instructional workloads and, possibly, restrict the breadth of the curriculum.

Faculty of Education

Recommended Budget Changes

	$
1. Reversal of 1977-78 one-time-only expense:	(20,000)
2. Initial budget reduction at five per cent:	(389,216)
3. Additions and add-backs	
a. To base budget:	185,645
b. For 1978-79 only:	15,000
Net addition or reduction before PTR/merit recovery:	(208,571)
4. Provision for transfers, offsetting divisional income, and May-June salaries:	127,294
5. Total net budget adjustment:	(81,277)

The Faculty of Education has for the past four years developed extensive plans in anticipation of the government's new certification policy, of changes in demand for professional education programs, and of new opportunities for practice teaching. The Faculty's plans have been endorsed by the Planning and Priorities Subcommittee of the Governing Council. The additions that the Budget Committee recommends will enable the Faculty to implement a portion of these plans; the Faculty itself will absorb the balance of the expense associated with implementation of the plans. That these plans can be carried out in this way is a credit to leadership and planning in the Faculty.

Our recommendation also calls for the addition of $25,000 to the Faculty's base budget to offset the effects of inflation on supplies and other non-salary expenses.

Introduction of the government's new certification policy (the Ontario Teachers' Certificate) will require the Faculty to revise its calendar entirely. The associated expense is extraordinary and will occur in 1978-79 only. We recommend a $15,000 addition for this purpose.

Implementation of the Faculty's long-term plan will result eventually in expense reductions in several areas. Some of these areas are located in the budgets of other divisions (for example, the Faculty proposes to vacate a large amount of rented space, thus reducing rental expense in the Physical Plant budget). The expense reductions associated with the long-term plan will not affect programs, although they may result in more intensive use of some of the Faculty's resources. Other reductions will affect the variety and depth of the Bachelor of Education program and will place greater pressures on staff, both academic and non-academic. These pressures will occur at a time when the staff will be making major and difficult efforts to adjust to new needs in the educational profession.

Faculty of Forestry and Landscape Architecture

Recommended Budget Changes

	$
1. Reversal of 1977-78 one-time-only expense	(67,600)
2. Initial budget reduction at three per cent:	(39,642)
3. Additions and add-backs	
a. To base budget:	23,000
b. For 1978-79 only:	66,100
Net addition or reduction before PTR/merit recovery:	(18,142)
4. Provision for transfers, offsetting division income, and May-June salaries:	16,182
5. Total net budget adjustment:	(1,960)

The Budget Committee recommends additions and add-backs to restore academic staffing and to offset the effects of inflation on supplies and other non-salary expenses. The latter addition should be for $15,000.

The Faculty needs short-term funding to support the transition to the base budget of academic positions that were previously supported by external grants and that must eventually be absorbed by the base budget. Short-term funding also is needed to support the Faculty's library, which will be amalgamated with the Applied Science and Engineering library as part of the plans for reconstructing the Sandford Fleming Building.

Given the amount of the net reduction, the Budget Committee believes that it can be made without permanently damaging the quality of education and research in the Faculty. Instructional workloads in the Landscape Architecture program are heavy and will be increased if the impact of the reduction is felt there. Elsewhere, the reduction may limit the breadth of the curriculum.

The Budget Committee has noted the advice of the Planning and Priorities Subcommittee which suggests that there is an urgent need for the Faculty to develop comprehensive plans and objectives. We feel that the development of plans and objectives can assist the Faculty in making the best use of its resources to cushion the impact of these reductions.

Faculty of Law

Recommended Budget Changes

	$
1. Reversal of 1977-78 one-time-only expense:	—
2. Initial budget reduction at three per cent:	(55,589)
3. Additions and add-backs	
a. To base budget:	37,000
b. For 1978-79 only:	—
Net addition or reduction before PTR/merit recovery:	(18,589)
4. Provision for transfers, offsetting divisional income, and May-June salaries:	17,545
5. Total net budget adjustment:	(1,044)

The Budget Committee's recommended add-backs will be used by the Faculty to support the library collection and administration of it, and to maintain levels of academic staffing which are sufficient for offering some elective portions of the curriculum. We also recommend that $12,000 should be added to the base budget to offset the effects of inflation on supplies and other non-salary expenses.

The necessary adjustment probably will affect academic staffing and library acquisitions. The amount of underspending in the Faculty has been significant, which suggests that the Faculty may be able to accommodate the adjustment in several ways. Nevertheless, some erosion will occur in the quality of education in the Faculty and in the level of service that supports the academic program.

Faculty of Library Science

Recommended Budget Changes

	$
1. Reversal of 1977-78 one-time-only expense:	(9,200)
2. Initial budget reduction at three per cent:	(38,819)
3. Additions and add-backs	
a. To base budget:	10,000
b. For 1978-79 only:	–
Net addition or reduction before PTR/merit recovery:	(38,019)
4. Provision for transfers, offsetting divisional income, and May-June salaries:	14,153
5. Total net budget adjustment:	(23,866)

The Committee's recommendation will enable the Faculty to retain an annual appointment in a critical part of the Master's program. We also recommend an addition of $5,000 to the base budget to compensate for the effects of inflation on supplies and other non-salary expenses.

The impact of the reduction that will have to be made in accordance with the Committee's recommendation will affect both academic and non-academic staffing. The impact on academic staffing may have the effect of limiting doctoral specialization. Support for the Faculty's library will be affected by reductions in funding for non-academic staff. These effects will be serious. The Faculty's doctoral program is a new one and still is being developed in accordance with the advice of the Advisory Committee on Academic Planning and with the Faculty's divisional objectives which were recently reviewed by the Planning and Priorities Subcommittee. The Faculty's library is a teaching laboratory as well as an educational resource. Reductions in the library, then, will affect instruction as well as scholarship.

Faculty of Management Studies

Recommended Budget Changes

	$
1. Reversal of 1977-78 one-time-only expense:	–
2. Initial budget reduction at three per cent:	(47,200)
3. Additions and add-backs	
a. To base budget:	21,114
b. For 1978-79 only:	21,500
Net addition or reduction before PTR/merit recovery:	(4,586)
4. Provision for transfers, offsetting divisional income, and May-June salaries:	26,813
5. Total net budget adjustment:	22,227

We recommend that there should be two additions to the Faculty's base budget. One, for $12,000, will offset the effects of inflation on supplies and other non-salary expenses. The other will fund rental space. A careful space analysis determined that the Faculty should have a somewhat larger amount of office space available to it.

The Faculty of Management Studies will use "one-time-only" funding to support research leaves, which cannot be fully funded from the base budget in 1978-79. The Budget Committee expects that the Faculty's base budget will be sufficient to fully fund research leaves after 1978-79.

Our recommendation will result in a small reduction in the Faculty's expense for 1978-79. The reduction will affect academic staffing and computing services. Although the reduction is not great, it should be viewed in the context of the Faculty's several requests for additional support. We were able to grant only a few of these requests. One request – for support for the Natural Resources Management program – we concluded should not be considered for funding until the Planning and Priorities Subcommittee completes its review of the Faculty's plans.

Faculty of Music

Recommended Budget Changes

	$
1. Reversal of 1977-78 one-time-only expense:	(3,000)
2. Initial budget reduction at three per cent	(57,367)
3. Additions and add-backs	
a. To base budget:	29,816
b. For 1978-79 only:	1,460
Net addition or reduction before PTR/merit recovery:	(29,091)
4. Provision for transfers, offsetting divisional income, and May-June salaries:	21,844
5. Total net budget adjustment:	(7,247)

The Faculty of Music provides a part of the instruction required by the performance components of its programs by engaging members of the staff of the Royal Conservatory of Music. A portion of the recommended addition will meet the added expense of increased fees for Conservatory instruction. The addition will also enable the Faculty to increase support for teaching assistants. We also recommend that $12,000 should be added to the base budget to offset the effects of inflation on supplies and other non-salary expenses. Both areas have been severely affected by previous budget reductions. The Planning and Priorities Subcommittee called attention to the problems associated with support for graduate teaching assistants.

The Co-ordinator of Academic Services has recommended that all academic divisions should be equipped with teleprocessing equipment that will link the academic divisions with the University's student information system. Many divisions already are linked with the network; the Co-ordinator has set a schedule for equipping the divisions that are not now linked with the network in 1978-79. The total cost of equipping the Faculty is $1,460 for 1978-79 only and $3,816 for the base budget on a continuing basis. The Budget Committee's recommendation will meet this cost.

In order to make the adjustment for which our recommendation calls, the Faculty probably will make reductions in several areas. Support for the Electronic Music Studio and the Thursday Afternoon Series may be reduced. Equipment expenses may be reduced. A large part of the adjustment may be made possible by not making re-appointments to staff vacancies. All of these reductions will undermine the quality and breadth of the Faculty's program.

Faculty of Social Work

Recommended Budget Changes

	$
1. Reversal of 1977-78 one-time-only expense:	(21,000)
2. Initial budget reduction at three per cent:	(36,657)
3. Additions and add-backs	
a. To base budget:	5,000
b. For 1978-79 only:	19,000
Net addition or reduction before PTR/merit recovery:	(33,657)
4. Provision for transfers, offsetting divisional income, and May-June salaries:	14,605
5. Total net budget adjustment:	(19,052)

We recommend that $5,000 should be provided to offset the effects of inflation on supplies and other non-salary expense. In deciding not to recommend other additions to the Faculty's base budget, the Committee was guided by the *Interim Report* of the Planning and Priorities Sub-committee.

The "one-time-only" additions that the Budget Committee recommends will support research leaves and will enable the Faculty to appoint an administrative assistant to relieve the academic staff of administrative duties that can be appropriately carried out by support staff. The transfer of some administrative duties from academic to non-academic staff is consistent with the advice of the Planning Subcommittee and the Planning and Priorities Subcommittee. Continuing funding for the new appointment will be provided through staff attrition after 1978-79.

The Faculty will reduce its expense by not replacing vacancies that will occur in the academic staff. The loss of these positions will increase instructional workloads in the Faculty.

Budget Group IV Other Academic Costs

The Other Academic Costs category of the University's budget is not uniform from year to year. For example, in 1977-78 special funds to offset the effects of inflation on equipment and supplies were located centrally as "other academic costs". For 1978-79, we have recommended that the central funds to offset inflation should be discontinued and provision made directly in divisional budgets for offsetting the effects of inflation.

As some expenses are removed from this category, others will be added for 1978-79. For example, a special contingency fund to complete the planned discontinuation of the Faculty of Food Sciences will be added for 1978-79 only.

Recommended Budget Changes

	$
1. Reversal of 1977-78 one-time-only expense:	(477,200)
2. Initial budget reduction at three per cent:	(31,146)
3. Additions and add-backs	
a. To base budget:	(554,961)
b. For 1978-79 only:	126,868
Net addition or reduction before PTR/merit recovery:	(936,439)
4. Provision for transfers, offsetting divisional income, and May-June salaries:	(287,407)
5. Total net budget adjustment:	(1,223,846)

University Research

The University provides a small fund administered through the Office of Research Administration for the support of University research. External support for university research is declining in real terms. This fund, although small, partially offsets the decline in external support. We, therefore, recommend that only a small reduction of $2,850 should be made in the fund.

Travel and Moving

We recommend that this budget should be reduced by $400.

Transfer Payments to Sheridan College and the Royal Ontario Museum

Some of the University's programs are offered co-operatively by the University and other institutions. Two of these pro-

grams—the undergraduate fine art program sponsored by Erindale College and Sheridan College of Applied Arts and Technology and the graduate museology programs sponsored by the School of Graduate Studies and the Royal Ontario Museum—are funded by grants to the University under the government's Operating Grants Formula. Under formal agreements, portions of the grants are transferred from the University to the co-operating institutions. These grants, which are based on enrolment, are distributed according to a formula to which both of the co-operating institutions agree. Because the formula for transferring a part of the grant to Sheridan College has been adjusted by the Office of the Vice-President, Research and Planning, we are able to recommend a reduction of $10,168 in the transfer payment to Sheridan for 1978-79. The payment to ROM will increase by $6,445.

English-as-a-Second-Language Programs

The English-as-a-Second-Language programs are offered by the School of Continuing Studies to university students, who pay no fees for the programs. In past years, the expense of the programs has been located in the budget of the School of Continuing Studies. The School's budget is operated on an income/expense basis that calls for all expenses to be recovered from fees. Because fees are not collected for the English-as-a-Second-Language programs, we recommend that the cost of the programs ($71,000) should be shown as an academic cost for internal transfer to the School of Continuing Studies for 1978-79 only. The programs are under review and some funding changes may occur as a result.

Non-Departmental Professors

The salaries and research expenses of University Professors are provided through this budget. We recommend a small addition of $12,000 to the budget to maintain current levels of support.

Transitional Year Program

We recommend that the budget of the Transitional Year Program be reduced by three per cent ($5,307), which is the initial reduction made in all academic budgets.

Ontario Universities, Program for Instructional Development

The terms of the grant that the University receives from OUPID require the University to meet some of the costs of instructional development that is undertaken with the auspices of the grant. We recommend that the base budget of the program be reduced by three per cent and that $15,000 be added for 1978-79 only.

Faculty of Food Sciences

The final stage of the planned dissolution of the Faculty will be completed in 1978-79. The Faculty's operation will cease on June 30, 1978 and its budget will be discontinued on that date, thus reducing expense by $117,868. For the remainder of the year there will be some residual costs associated with the transfer of staff and equipment to other divisions and with the supervision of students previously admitted to the program and who have not yet graduated. We recommend that a contingency fund of $40,868 be established under the authority of the Provost in the "other academic cost" category for 1978-79 only to meet the residual costs.

Student Information Systems

Two years ago the Budget Committee recommended that student information systems should be reorganized and, consequently, that the expense of the system should be reduced by $200,000. This reduction was divided equally between the budget of Student Record Services and a central negative appropriation to be allocated by the Provost to the divisions. Most of the anticipated savings have not yet been realized, although they will be in time. Rather than continue a negative appropriation for an indefinite period, we recommend that the negative appropriation be discontinued, thus adding $90,000 to the "other academic costs" budget to account for the portion of the appropriation that was to have been allocated to the divisions. Attempts to realize the savings originally projected will continue.

Budget Group V Academic Services

University of Toronto Library

Recommended Budget Changes

	$
1. Reversal of 1977-78 one-time-only expense:	–
2. Initial budget reduction at three per cent:	(329,561)
3. Additions and add-backs	
a. To base budget:	420,000
b. For 1978-79 only:	–
Net addition or reduction before PTR/merit recovery:	90,439
4. Provision for transfers, offsetting divisional income, and May-June salaries:	60,126
5. Total net budget adjustment:	150,565

Like last year's Budget Committee, we are seriously concerned about the effects of inflation on the University's library collections. This year the decline in the value of the Canadian dollar in foreign markets added to our concern. The combined effect of inflation and currency devaluation has reduced the purchasing power of the library acquisitions budget by about 20 per cent.

Although in only a few cases are library acquisitions a divisional responsibility, several divisions expressed concern about the erosion of the Library. The Planning and Priorities Subcommittee noted that many of the submissions that it received placed a high priority on maintaining and improving library collections. Some divisions made it clear that reductions in their own budgets would be more acceptable than reductions in library acquisitions budgets.

We, therefore, have decided to recommend that $400,000 be added to the acquisitions budget of the University of Toronto Library. We have also recommended additions to the acquisitions budgets in several divisions: Scarborough College, $39,490; Erindale College, $35,000; and the Faculty of Law, $5,000. The total addition to the University's budget for library acquisitions, then, is $479,490. Even this amount may not be sufficient to compensate for all of the effects of inflation and currency devaluation on library acquisitions. We are hopeful that the addition that we have recommended will maintain library collections; it is not sufficient to improve them.

The specific recommendation for the University of Toronto Library is for acquisitions ($400,000) and for offsetting the effects of inflation on supplies and other non-salary, non-book fund expenses ($20,000). The Library will still have to make major reductions in other areas of expense. A large reduction will be made by making less frequent use of the services of the University of Toronto Library Automation System. This reduction will sharply limit plans to implement automated circulation systems on the Robarts and Sigmund Samuel Libraries. Reader services will be reduced. Shorter hours are a possible outcome of reductions. Some staff positions may have to be eliminated.

Although we do not have a specific budgetary recommendation for 1978-79, we want to suggest that the Library and the central administration should consider seriously what provisions should be made in the future for capital depreciation in the Library. The Library has progressively placed a higher reliance on equipment in its operations. At some point the equipment will begin to require more frequent maintenance and, later, replacement. Given the likelihood that the University's financial condition will not improve in the foreseeable future, we believe that thought should be given now to the long-term problems of equipment maintenance and replacement.

Internal Service Departments

The Budget Committee for 1976-77 recommended that the administration should conduct a study to determine the feasibility of removing the Media Centre, the University of Toronto Computer Centre (UTCC) and the University of Toronto Library Automation Systems (UTLAS) from the University's general operating budget and including them in the University's ancillary operations. The Committee's hope in making this recommendation was that by providing a perspective from which the services could be viewed independently, greater efficiencies might be encouraged, better billing and pricing systems might be developed, and the significance of charge-backs in determining levels of expense might be emphasized.

The administration, through the Budget Development Group, did conduct a study as the Budget Committee recommended. The study concluded that the Media Centre, UTCC, and UTLAS could not be viewed literally as ancillaries, because there was some doubt about whether or not they each could or should be entirely self-supporting. The study did conclude that, with the exception of UTLAS, describing the services as Internal Service Departments within Operating Funds might be a satisfactory alternative if the Departments' expenses are set on a "total cost" basis, with a full fee charge-out arrangement that will enable them to operate in principle on a break-even basis.

We, therefore, recommend that the Media Centre, the University of Toronto Computer Centre, Television Production Service, and the Secretarial Services Unit should be considered as Internal Service Departments, whose operating funds should be costed on "total cost" basis under a full fee charge-out system to operate in principle on a break-even basis.

We make these specific recommendations for each Department:

University of Toronto Computer Centre

The Centre's 1977-78 base budget should be reduced by five per cent ($152,000), excluding equipment costs, in accordance with the general decision to reduce all non-academic expenses by five per cent.

To offset the effects of inflation on supplies and time-sharing services, we recommend that $251,079 should be added to the Centre's base budget.

Intense discussions are now under way about the location and re-equipping of the Centre. Because firm decisions have not yet been made about location and re-equipping, we further recommend that when firm decisions are made about these questions:

1. The Office of the Vice-President, Business Affairs, should decide on the appropriate financial arrangements (for example, cash purchase, time purchase, lease) for acquiring equipment.
2. UTCC should prepare an expense budget that appropriately accounts for equipment and indirect costs as determined by the Office of the Vice-President, Business Affairs.
3. UTCC should develop a rate structure for recovering the total costs of the Centre, assuming a reasonable rate of use. The Office of the Vice-President, Business Affairs, should assist in this development and ensure that the proposed structure will recover total costs. The Office should then adjust the computing accounts in user departments in order to reflect the requirements of the new structure.
4. The budget thus developed should be submitted to the President through the Chairman of the Budget Committee.

These recommendations should be implemented as soon as possible.

Television Production Service

The budgetary situation of the Television Production Service posed a difficult problem for the Budget Committee. Some dimensions of the problem implied decisions that, if made, could result in discontinuation of the Service. The basic elements of the problem are these: a) to continue the Service at the present level of activity for the next four years will require a capital investment of $649,000, of which $303,000 will be needed in 1978-79 and b) to continue the Service at the present level of activity, including depreciation on the proposed capital investment, will require a net operating expense in 1978-79 of $84,686, with similar net expenses projected for the following three years. These are indeed major and grave resource implications which raise serious questions about the future of the Service.

Given the magnitude of these implications and the doubts about whether or not the Service should be continued, we do *not* approve the Service's proposal to spend $303,000 for capital replacement in 1978-79 and, therefore, do *not* approve the proposal to include depreciation of the proposed capital replacement in net operating expense.

We recommend that an administrative review should be undertaken as soon as possible to review the need for and the most effective means of providing television production facilities and services to the University's academic programs. The review should produce a proposal that should be submitted to the Planning and Resources Committee of the Governing Council.

Until the administrative review is completed, the Television Production Service should continue to operate within its present resources and facilities and should make every effort to reduce expenses and increase income from external sources.

We specifically recommend that, until the review is complete, the Service's base budget should be adjusted as follows: a) $1,017 should be added to meet the May-June 1978 portion of the 1977-78 salary commitment, b) the "one-time-only" addition for 1977-78 should be reversed, and c) $32,954 should be added for indirect costs.

Media Centre

We recommend that the Centre's base budget for 1977-78 should be reduced by $29,900, which is the initial five per cent reduction requested of all non-academic divisions.

We recommend these additions to the Centre's base budget: $24,225 to complete Phase II of the audio-visual library facility in the Sigmund Samuel Library, $1,500 to meet increases in equipment insurance premiums, and $63,450 to reflect indirect expenses. The Centre's income and expense accounts should be increased by $30,000 in offsetting amounts to reflect actual levels of activity requested by the Centre and a transfer of $5,000 to the Production Fund. To meet the May-June salary commitment, the Centre's base budget should be increased by $6,294.

We further recommend that the Office of the Vice-President, Business Affairs, should review the Centre's rate structure for services and seek ways by which income from the services can be optimized. Any increases in net income that are realized as a result of this review should be reflected as a net reduction in the Centre's final budget for 1978-79.

Budget Group VI Campus and Student Services

Recommended Budget Changes (St. George Campus)*

	$
1. Reversal of 1977-78 one-time-only expense:	(4,200)
2. Initial budget reduction at five per cent:	(69,267)
3. Additions and add-backs	
a. To base budget:	70,811
b. For 1978-79 only:	34,459
Net addition or reduction before PTR/merit recovery:	31,803
4. Provision for transfers, offsetting divisional income, and May-June salaries:	(90,894)
5. Total net budget adjustment:	(59,091)

* Campus and Student Service expenses for the Scarborough and Erindale campuses are shown in the budget schedules for the Colleges.

The effect of the net reduction in Campus and Student Services will fall heavily on the St. George units (Housing, International Student Centre, Advisory Bureau, and Athletics) which are absorbing five per cent reductions with no additions or add-backs. In addition, several programs in these areas are dependent on external funding which may not be renewed after the current year. The quality of services provided to students will definitely be affected. Intensive divisional planning will be required to react to the cumulative effect of these changes over recent and, possibly, future years.

Additions and add-backs to the Campus and Student Services expense budgets on the St. George Campus will allow the maintenance of the existing staff complement of the Career Counselling and Placement Centre and an increase of 1/4 FTE position for career counselling. A contribution to urgent safety work required at Varsity Stadium will be possible and the University subvention in respect of the maintenance of Hart House will be adjusted to reflect the 1977-78 actual costs. The funds granted for inflation-related costs to the St. George units ($20,000) will be pooled in order to achieve maximum effectiveness. The present base budget support for the Scarborough bus service will be maintained. A net increase of $112,000 in divisional income in Health Service income is projected as a result of the recent increase in student incidental fees and an adjustment of OHIP income closer to the Service's potential.

Small additions and add-backs to the Campus and Student Services expense budgets, offset by divisional income, will be made in the Health Services at Scarborough and Erindale, in Athletics at Scarborough and in the bus service at Erindale. Scarborough will be able to appoint a full-time career counsellor at the College.

One-time-only add-backs will allow an increase in telephone and supplies costs of the Career Counselling and Placement Centre, a portion of the safety work at Varsity Stadium, and assistance to the Scarborough bus service in a year of major reorganization.

Budget Group VII Administration

Office of the Governing Council

Recommended Budget Changes

	$
1. Reversal of 1977-78 one-time-only expense:	(1,152)
2. Initial budget reduction at five per cent:	(11,889)
3. Additions and add-backs	
a. To base budget:	3,000
b. For 1978-79 only:	–
Net addition or reduction before PTR/merit recovery:	(10,041)
4. Provision for transfers, offsetting divisional income, and May-June salaries:	2,454
5. Total net budget adjustment:	(7,587)

The Office of the Governing Council will adjust its budget according to our recommendation by reducing expenses for staff salaries, supplies, and equipment. In requesting an add-back to the budget, the Office placed high priority on offsetting the effect of inflation on supplies and other non-salary expenses. The recommended add-back of $3,000 will partially offset the effect of inflation. We suggest that the Office, with the co-operation of the vice-presidential offices, seek to reduce expenses further by reducing the amount of documentation that the Office distributes.

Office of the Ombudsman

Recommended Budget Changes

	$
1. Reversal of 1977-78 one-time-only expense:	(192)
2. Initial budget reduction at five per cent:	(2,783)
3. Additions and add-backs	
a. To base budget:	–
b. For 1978-79 only:	–
Net addition or reduction before PTR/merit recovery:	(2,975)
4. Provision for transfers, offsetting divisional income, and May-June salaries:	627
5. Total net budget adjustment:	(2,348)

The Office of the Ombudsman proposes to adjust its budget by reducing expenses for salaries. The reduction will not require the elimination of any staff appointments. It will increase staff workloads.

Office of the President

Recommended Budget Changes

	$
1. Reversal of 1977-78 one-time-only expense:	(922)
2. Initial budget reduction at five per cent:	(26,344)
3. Additions and add-backs	
a. To base budget:	2,000
b. For 1978-79 only:	129,828
Net addition or reduction before PTR/merit recovery:	104,562
4. Provision for transfers, offsetting divisional income, and May-June salaries:	4,399
5. Total net budget adjustment:	108,961

The Budget Committee's recommended addition for 1978-79 only will meet portions of the salaries of senior academic administrators who will be on leave in 1978-79. The balance of the salaries will be met by the home divisions of the administrators, to which they will return at the end of their leaves.

The reduction in base budget expense will be accomplished by decreasing the Office's contingency account. Budget reductions in past years have already reduced the contingency account substantially.

We also recommend that $2,000 should be added to the Office's budget to offset the effects of inflation on supplies and other non-salary expenses.

Vice-President and Provost

Recommended Budget Changes

	$
1. Reversal of 1977-78 one-time-only expense:	(66,874)
2. Initial budget reduction at five per cent:	(111,445)
3. Additions and add-backs	
a. To base budget	79,275
b. For 1978-79 only:	129,888
Net addition or reduction before PTR/merit recovery:	30,844
4. Provision for transfers, offsetting divisional income, and May-June salaries:	24,993
5. Total net budget adjustment:	55,837

Office of the Vice-President and Provost

The Office will reduce its expenses by not making re-appointments to vacated support staff positions and by reducing expenditures for supplies and other non-salary items. These reductions will impair the Office's capacity for policy development and may impede its ability to react promptly to divisional requests and initiatives. The effect of inflation on supplies and other non-salary expenses will be offset by an addition of $4,000 to the Office's base budget.

Student Record Services

The Budget Committee for 1976-77 recommended that the expense of student information systems across the University should be reduced by $200,000. The reduction was to have been accomplished by reorganizing the systems both centrally and divisionally. A portion of this reduction was to have occurred in Student Record Services. The reduction has not been realized. We recommend that part of the negative appropriation that was established two years ago be discontinued, thus adding $50,000 to the base budget of Student Record Services. We further recommend that the administration should continue to review the functions and costs that are associated with student information systems centrally and divisionally.

We recommend that $5,000 should be added to the Services' base budget to offset the effects of inflation on supplies and other non-salary expenses.

Office of Admissions

Even before enrolment declined unexpectedly in the fall, the Budget Committee was acutely aware of the importance of maximizing income through careful administration of admissions. Rather than reduce the budget of the Office of Admissions, the Committee decided to increase the Office's budget by $84,888 for 1978-79 only. The purpose of the addition is to enable the Office: a) to implement a "no-deadline" policy for the submission of applications; b) to maintain longer hours at the Enquiry Desk; and c) to respond to applications more promptly. All of these measures are designed to maintain the number and quality of students who apply for admission to the University.

We have recommended that the addition should be made for 1978-79 only because it is not definitely known what the effect of these measures will be on the Office's workload. Therefore, we recommend that the Office's workload should be carefully reviewed before the additions are renewed for 1979-80.

We also recommend that an addition of $6,000 should be made to the Office's budget to offset the effects of inflation on supplies and other non-salary expenses.

Two years ago the Budget Committee recommended that the fee for applicants who are not currently registered in a Canadian secondary school be increased. This recommendation was not implemented. We believe that the previous recommendation should have been implemented. We, therefore, expressly and strongly recommend that the fee for these applicants be increased from $10 to $20. This increase is not gratuitous for it reflects the real cost of processing the applications. It is not expected that the higher fee will discourage applicants.

Office of Student Awards

Last year the Budget Committee recommended that a fund be established to provide bursaries to students who hold student visas. We recommend that this fund be continued at $45,000 and be placed in the budget of the Office of Student Awards. The continuation is for 1978-79 only. The fund should be reviewed next year to determine the continuing need for it.

Other expenses in the Office will be reduced by decreasing clerical assistance, the effect of which will be to prolong the period for processing loan applications from six to perhaps as many as ten weeks. An addition of $3,000 should be added to the Office's budget to compensate for the effects of inflation on supplies and other non-salary expenses. Of the $3,000, $1,000 should be allocated to offset the effects of inflation on student assistance funds.

Scholarships

Many years ago the University, through the Board of Governors, made a commitment to benefactors to supplement the cash value of scholarships donated by benefactors by exempting the scholarship recipient from fees during the term of the scholarship. In order to maintain this commitment as tuition fees increase, we recommend that $11,275 be added to the Student Assistance budget.

file, we suggest that the project should be funded from the savings that it will produce.

Department of Private Funding

The Department of Private Funding has undertaken a major fund-raising campaign in the private sector. The campaign will enter its final, and most difficult, phase in 1978-79. The budget of the Department has been supplemented by "one-time-only" additions that were funded from divisional income derived from funds raised under the campaign.

We recommend that the Department's budget should be supplemented by $27,000 for 1978-79 to enable the Department to conclude the fund-raising campaign successfully. The supplement should again be derived from divisional income.

The recommended supplement will not offset the initial base budget reduction, which will be felt by the Department through decreases in salaries, equipment, and supplies expenses. The Department will receive $3,000 to offset the effects of inflation on supplies and other non-salary expenses.

Department of Information Services

The Department's expenses are largely associated with publication of the *Bulletin* and the *Graduate*. Both are important media for communicating with members of the University community and alumni. Sharp reductions in the Department's budget may result in less frequent publicating with members of the University community and alumni. Sharp reductions in the Department's budget may result in less frequent publication of the *Bulletin*, which in turn would result in the elimination of some staff positions. We recommend a partial add-back and an addition to the Department's budget. A combination of the add-back and the possibility of raising divisional income from advertising revenue may forestall the most severe effects of the reduction. The addition of $7,000 will offset the effects of inflation on supplies and other non-salary expenses, which are a large part of the Department's budget.

Vice-President — Research and Planning

Recommended Budget Changes

		$
1. Reversal of 1977-78 one-time-only expense:		(1,759)
2. Initial budget reduction at five per cent:		(22,814)
3. Additions and add-backs		
	a. To base budget:	9,000
	b. For 1978-79 only:	–
	Net addition or reduction before PTR/merit recovery:	(15,573)
4. Provision for transfers, offsetting divisional income, and May-June salaries:		20
5. Total net budget adjustment:		(15,553)

Office of the Vice-President–Research and Planning

Office of Academic Statistics

The Offices will jointly reduce their budgets by transferring one position from Academic Statistics to Research and Planning and by eliminating a position in Research and Planning. The transfer will enable the Office of the Vice-President, Research and Planning, to plan and monitor enrolment systematically. The Budget Committee regards the proposed rearrangement as an important step in income maximization and efficient resource use through careful enrolment planning.

The reduction will have the effect of decreasing a research and planning staff that is already much smaller than comparable staffs at other universities. The decrease can be accommodated only by sharply increasing staff workloads. The effect of inflation on the Office's supplies and other non-salary expenses will be offset by an addition of $1,000 to the base budget.

Office of Research Administration

The Office of Research Administration will increase its divisional income from overhead recoveries on trust accounts. The effect will be to reduce the support available to research from the accounts and increase the Office's expense by $7,000. We recommend that $1,000 should be added to the Office's budget to offset the effects of inflation on supplies and other non-salary expenses.

External Affairs

Recommended Budget Changes

		$
1. Reversal of 1977-78 one-time-only expense:		(37,022)
2. Reversal of 1977-78 one-time-only income:		27,000
3. Initial budget reductions at five per cent:		(45,662)
4. Additions and add-backs		
	a. To base budget:	14,000
	b. For 1978-79 only:	27,000
	Net addition or reduction before PTR/merit recovery:	(14,684)
5. Provision for transfers, offsetting divisional income, and May-June salaries:		(17,845)
6. Total net budget adjustment:		(32,529)

Department of Alumni Affairs

Initial reductions in all External Affairs departments were slightly higher than five per cent because Directors' salaries are not included in the departments' base budgets. Reductions in Alumni Affairs will require the Department to decrease its expenditures for clerical assistance, equipment, and supplies. We have recommended an addition of $4,000 to offset the effect of inflation on supplies and other non-salary expenses, but the addition will not compensate for the real decrease in the base budget. The reductions will diminish the level of service that the Department can provide to alumni of the University.

The Department proposed to implement a new procedure to verify the alumni records file. Although the Budget Committee recognized the merit of the proposal, a recommendation to provide an addition for it was not possible given the proposal's priority among many other desirable improvements and innovations. Because the verification project can reduce the cost of maintaining the alumni record file, we suggest that the project should be funded from the savings that it will produce.

Vice-President — Internal Affairs

Recommended Budget Changes

		$
1. Reversal of 1977-78 one-time-only expenses:		(4,762)
2. Initial budget reduction at five per cent:		(75,700)
3. Additions and add-backs		
	a. To base budgets:	34,000
	b. For 1978-79 only:	–
	Net addition or reduction before PTR/merit recovery:	(46,462)
4. Provision for transfers, offsetting divisional income, and May-June salaries:		17,266
5. Total net budget adjustment:		(29,196)

Office of the Vice-President–Internal Affairs

The Office proposes to make the adjustment for which our recommendation calls by reducing expenses for consulting fees and contingencies. We have recommended an add-back of $10,000 to offset a part of the impact of the reduction on consulting fees. Consultation is important to the Office, particularly in the essential areas of human and civil rights. Despite the recommended add-back, the Office's access to consultation and flexibility to meet unforeseen needs will be diminished by the reduction. We also recommend that $2,000 should be added to the Office's budget to offset the effects of inflation on supplies and other non-salary expenses.

Personnel Department

Reductions in the Personnel Department will result in the elimination of positions and a decrease in the funds available for advertising. The impact of the reductions will limit the Department's level of service in labour relations, policy development, liaison, and employment services.

We have recommended an add-back to the Department's base budget of $16,000 in order to diminish some of the most harmful effects of the reduction on employment services and policy development. A provision of $6,000 has also been made to offset the effects of inflation on the Department's supplies and other non-salary expenses. We have decided not to recommend add-backs or additions for advertising because we believe that there will be an increasing impetus to fill vacancies from among staff already employed by the University as budgetary pressures impose further restrictions on staff complements.

Vice-President — Business Affairs

Recommended Budget Changes

		$
1. Reversal of 1977-78 one-time-only expense:		(8,717)
2. Initial budget reduction at five per cent:		(141,653)
3. Additions and add-backs		
	a. To base budget:	73,550
	b. For 1978-79 only:	1,150
	Net addition or reduction before PTR/merit recovery:	(75,670)
4. Provision for transfers, offsetting divisional income, and May-June salaries:		31,511
5. Total net budget adjustment:		(44,159)

Office of the Vice-President–Business Affairs

To meet the reductions recommended by the Budget Committee, the Office of the Vice-President will eliminate its contingency account and the provision for annual valuation of the pension plan. The former reduction will limit the Office's capacity to respond to unforeseen expenses. The latter will result in biennial rather than annual reviews of the University's current and past-service pension liabilities and funding requirements.

Business Information Systems

The reduction in the expense of the Business Information Systems will be made through attrition of staff, decreases in provisions for overtime, and decreases in supplies and other non-salary expenses.

The Business Information Systems division often is called on to produce large amounts of data on short notice. The reductions may limit the division's ability to respond promptly to these requests.

Administrative Services

The expense of Administrative Services will be reduced by a combination of decreasing expense and increasing divisional income. The net effect of the reduction will be the replacement of a full-time position in the Post Office by an occasional part-time position, which will result in less rapid mail sorting.

Finance

To meet the reduction, the Finance division will discontinue several staff positions through attrition, and increasing work loads in other positions. The reduction will force a decrease in levels of service at a time when the needs for the services are increasing – a combination that will erode efficiency.

Add-backs of $42,250 to the Finance budget ($41,000 to the base and $1,150 for 1978-79 only) will permit the augmentation of critically important services in internal auditing and fees accounting. An add-back of $6,300 is also provided to meet the costs of increased postal rates.

All divisions of the Office of the Vice-President – Business Affairs will receive additional support to offset some of the effects of inflation on supplies and other non-salary expenses. The total amount of this support should be $15,000.

Secretarial Services Unit

We recommend that the Secretarial Services Unit should be regarded as an Internal Service Department whose operating funds should be costed on a "total cost" basis under a full fee charge-out system to operate in principle on a break-even basis. This specific recommendation follows from our general recommendations for Internal Service Departments (Budget Group V, pp. 2-3) and Ancillaries (Budget Group X, pp. 1-2).

We recommend that the Unit's break-even budget for 1977-78 should be adjusted by increasing income by $21,707, direct expense by $10,059, and indirect expense by $11,648, to produce a break-even position for 1978-79.

Budget Group VIII General University Expense

Salary Anomalies Fund

Expenditures to compensate for salary anomalies have exceeded the expense that was originally budgeted for 1977-78. Because the University should continue to correct salary anomalies, we recommend that $50,000 should be added to the base budget to reflect the actual level of expenditure from the Fund.

Maternity Leaves

We recommend that $22,000 should be added to the base budget to fund new provisions of the University's maternity leaves policy. The new provisions extend the benefits of the policy to faculty members.

Insurance

We recommend that $118,900 should be added to the base budget to meet an increase in insurance premiums.

Equipment Replacement Fund

In initially reviewing the divisions' submissions to the Budget Committee, we noted that many divisions expressed a serious concern about adequate provision for the purchase and replacement of equipment as it became obsolete or irreparable. Because the needs for equipment replacement were numerous and varied among divisions, we decided to recommend that a central fund should be established under the authority of the Provost and the Vice-President for Business Affairs, who will review requests from the divisions as specific needs to replace equipment arise. We recommend that $400,000 should be added to the base budget for this purpose.

Legal, Audit, and Consulting Expenses

We recommend that $50,000 should be added to the base budget to meet increases in legal, auditing, and consulting fees.

Sir Sandford Fleming Building

We recommend that a special contingency fund should be established for 1978-79 to be used in the event that there are insurance losses associated with the reconstruction of the Building. The fund should be for $100,000.

Inflation

We recommend that $96,000 should be added to the base budget to offset the effects of inflation on General University Expenses.

Budget Group IX Physical Plant

Recommended Budget Changes

	Maintenance and Service*	Utilities and Rent	Total
	$	$	$
1. Reversal of 1977-78 one-time-only expense:	(552,800)	(200,000)	(752,800)
2. Initial budget reduction at five per cent:	(571,428)		(571,428)
3. Additions and add-backs			
a. To base budget:	1,025,800	630,341	1,656,141
b. For 1978-79 only:	–	–	–
Net addition or reduction before PTR/merit recovery:	(98,428)	430,341	331,913
4. Provision for transfers, offsetting divisional income, and May-June salaries:	54,235	(59,179)	(4,944)
5. Total net budget adjustment	(44,193)	371,162	326,969

*Maintenance and service expenses for the Scarborough and Erindale campuses are included in the Colleges' budgets.

Maintenance and Service

The Recommended Budget Changes schedule does not entirely reflect the severity of budget recommendations in the Physical Plant Department for Maintenance and Service. The net reduction of only $98,428 before adjustment for May-June salaries does not represent the fact that for several years the Ministry of Colleges and Universities has provided special funding apart from the Operating Grants Formula for building maintenance. In the current year (1977-78) this funding for the St. George Campus amounted to $711,937, therefore the actual reduction in budget for Maintenance and Service totals $810,365. This special funding was provided in recognition of inadequate provision for maintenance in the Formula and, in turn, in the universities' operating budgets. Under this arrangement, universities applied for special funding on a project-by-project basis. The funding never became part of the University's operating budget. Beginning in 1978-79, the Ministry will make a general allocation to each university for inclusion in its operating budget. Each university will then assign the allocation to building maintenance according to its own needs and priority. Because this funding will now appear in the University's operating budget, a recommendation to increase budgeted expense by the amount previously provided by the Ministry is necessary. Proportionate shares of the Ministry's general allocation should also be added to the Physical Plant budgets at the Scarborough and Erindale campuses. Our recommendation should not be viewed as a net addition to the total funding available to the University for building maintenance. Essentially, the addition to the Department's budget is the result of a change in the source of income. Thus, the recommended addition to the Department's base budget is somewhat misleading. If the recommendation for 1978-79 were expressed without the addition to replace the Ministry's special funding, the total base budget addition for 1978-79 would be $409,200. The reduction in the Physical Plant Department's expense, then, is indeed severe when viewed in this light.

As a result of these recommendations, building maintenance must be curtailed to the point where only emergency maintenance can be undertaken. The Department's entire Planning Division will be discontinued which entails the release of three staff members in that Division. Two years ago, the Budget Committee recommended that the University's Building Patrol (night watchmen service) should be eliminated if possible through attrition. There was some attrition in 1976-77 and 1977-78, but special supplementary funding (in 1976-77) and "one-time-only" funding (in 1977-78) was provided to obviate lay-offs. For 1978-79 the Budget Committee has found that it is not possible to recommend that further funding be provided for the building patrol service and consequently the building patrol, as such, must be eliminated. Other arrangements for the protection of our buildings and for the deployment of staff to the extent possible will have to be made. Some release of staff will be unavoidable.

The Budget Committee has recommended additions and add-backs in three important areas: fire prevention and chemical waste disposal, cleaning services, and maintenance.

Compliance with fire regulations and new regulations for the disposal of chemical wastes are mandatory responsibilities that the University cannot avoid. We, therefore, have decided that an addition of $38,000 should be made to meet increased costs in these areas.

The Budget Committee for 1976-77 recommended that the Department's expenses should be reduced by reducing the complement of the cleaning service. The reduction was made through attrition, but not to the extent for which the original recommendation called. Last year the Budget Committee recommended a "one-time-only" provision to forestall further reductions in the cleaning service. The present Budget Committee has decided that the provision made for 1977-78 should be continued in the base budget for 1978-79. In making the decision, the Committee was concerned that further decreases in the cleaning service might increase the need for building maintenance, thereby increasing costs in the long run. The additional expense for 1978-79 is $200,000.

Supplies and other non-salary expenses constitute a large portion of the Department's budget. We recommend that $227,000 should be added to the base budget to offset the effects of inflation on these expenses.

Utilities and Rent

After reversing a $200,000 addition to the utilities and rents budget for 1977-78 only, we recommend that $571,162, including transfers and offsetting divisional income, should be added to the base budget beginning in 1978-79. This is a large addition, but it is not as large as it might have been if the Physical Plant Department had not undertaken serious measures to reduce the University's use of energy. Without the Department's energy conservation program, utilities expense might have increased by as much as 17 or 18 per cent, which is a much higher rate than we have recommended.

Rental expense also is less than it might have been. The Faculty of Education's plans to renovate its building and teach the Bachelor of Education program on a very intensive schedule make it possible for the University to vacate some of the space that it leases from the Ontario Institute for Studies in Education. The cost of the Faculty's renovations will be met from its own budget in 1977-78; no increases in net expense are called for.

We have recommended that there also should be additions to utilities and rent expenses at the Scarborough and Erindale campuses. These additions are generally in proportion to similar expenses at the St. George campus. For the Erindale campus another addition of $33,840 is necessary to meet the cost of sewer taxes. All utilities and rent expenses for the Scarborough and Erindale campuses are included in the Colleges' budgets.

Committee on Accommodation and Facilities

Requests for minor alternation and renovation projects in the University are reviewed by the Committee on Accommodation and Facilities and funded from a separate maintenance appropriation. In past years, expenditures from this appropriation have significantly exceeded the expense originally allocated for it. Expenditures for alternations and renovations are difficult to forecast annually because requests made to it are non-recurring. Many requests are predicated on the amount of capital funding that will be available annually. When capital funding is generous, some proposals that are submitted to the Committee on Accommodation and Facilities can be incorporated in capital projects. When capital funding is scarce, these proposals must be supported by the special appropriation for alterations and renovations.

Given expectations about capital funding and the need for alterations and renovations, we recommend that this appropriation should be increased by $197,500, $40,000 of which is for 1978-79 only.

Budget Group X Ancillaries

The Budget Guidelines directed the Budget Committee to give special attention to the University's ancillary operations, for which fiscal policies were established in 1976-77. A special Budget Group was established to focus specifically on ancillaries. In reviewing ancillaries, the Budget Committee took care to ensure that each operation considered should in fact be viewed as ancillary and that all reasonable direct and indirect costs were included in each ancillary's budget. The Committee also sought to determine for each ancillary: a) whether or not action should be taken to increase its fees and charges to balance the budget b) whether or not its fees and charges could be increased to contribute to the University's income, or c) whether or not the ancillary's budget should be supplemented from University income.

Ancillary operations were defined by these characteristics:

a) An ancillary provides an optional service or product to members of the University community on a fee for service basis. Activities usually designated as ancillaries in this category are parking, residences, food and beverage services. Some ancillaries provide optional services on a fee for service basis to other educational institutions or agencies. The Guidance Centre and the University of Toronto Library Automation Systems are examples of ancillaries that serve external educational institutions and agencies.

b) An ancillary is costed on a "full cost" basis, which includes depreciation and indirect costs (for example, the costs of space, administration, insurance, and debt service).

c) An ancillary establishes a rate structure for income to achieve at least a "break even" position or an adequate return on investment.

d) The cost of an ancillary's capital assets is amortized as a depreciation expense, over its estimated useful life.

e) The cost of an ancillary includes an appropriate proportion of indirect costs which are wholly funded from Operating Funds.

Several other University operations share many, but not all, of these characteristics and have in the past been designated Ancillary Enterprises. For example, in the 1977-78 budget, the Media Centre, the University of Toronto Computer Centre (UTCC), the Secretarial Services Unit, and the Television Production Service were seen as Ancillary Enterprises. But these operations are not true ancillaries because the main source of their funding is transfers within Operating Funds. For the purposes of management control, these operations are carried on on a "full cost" basis (including indirect expense) with a charge-out system that will produce a break-even position. But because these operations are funded from Operating Funds they are located in the Operating Funds section of the budget. The Budget Committee has recommended that the Media Centre, UTCC, the Secretarial Services Unit, and the Television Production Service should be designated Internal Service Departments and located in appropriate Budget Groups.

There are several other activities that had been tentatively identified as Ancillary Enterprises, but should not have been. Examples of these activities are property and room rentals on the three campuses. It was decided that these activities should not be considered Ancillary Enterprises and, therefore, should be recorded on a net income basis as other University income in Operating Funds.

Having defined what activities should and should not be regarded as Ancillary Enterprises, the Budget Committee developed specific recommendations for the activities that should be designated Ancillary Enterprises in the 1978-79 budget. These Enterprises are parking, residences, food services, beverage services, the University of Toronto Library Automation Systems (UTLAS) and the Guidance Centre.

University of Toronto Library Automation Systems (UTLAS)

The University of Toronto Library Automation Systems should be viewed as an Ancillary Enterprise and specifically should be designated an External Service Department and should be costed on a "total cost" basis according to the fiscal policy for Ancillary Enterprises.

We make these specific recommendations for the UTLAS budget for 1978-79:

1. UTLAS' net income budget of \$217,000, as submitted and comprising \$4,478,353 in income and \$4,261,353 in expense for a net income of \$217,000, should be accepted as a minimum level of achievement for 1978-79.
2. UTLAS' capital budget, as submitted in the amount of \$469,450 (of which \$150,000 represents capital approved in 1977-78 for spending in 1978-79) should be approved and a \$177,982 provision for depreciation made in UTLAS' expense accounts.
3. The income and expense amounts in the UTLAS budget should be amended to reflect \$485,638 in full indirect costs, which includes \$177,982 in depreciation (noted in the Committee's immediately previous recommendation).
4. The principle of a business risk factor reserve should be established in the amount of five per cent of the gross income of the current fiscal year, to represent net income that should be retained by UTLAS.
5. In establishing a business risk factor reserve, 50 per cent of net income in the fiscal year 1978-79 and subsequent years should be retained by UTLAS and 50 per cent should be transferred to Operating Funds as University income until the five per cent reserve is attained. Thereafter, any net income in excess of the reserve should be transferred to Operating Funds.

Guidance Centre

The Guidance Centre should be designated an External Service Department and should continue under the direction of the Dean of the Faculty of Education. The Centre, which develops and distributes educational testing and guidance materials, is an Ancillary Enterprise and should be costed on a "total cost" basis under the fiscal policy for Ancillary Enterprises.

We further recommend that the Centre's operating budget, as submitted on a break-even basis, should be accepted with these increases: income, \$395,502; direct costs \$301,410; and indirect costs, \$94,092.

The University administration, the Centre, and the Dean of the Faculty of Education should continue discussions that are now underway to develop a long-term financial policy for the Centre.

Parking, Residences, Food Services, and Beverage Services

As Ancillary Enterprises these operations should follow the general policy requirement to break-even on a "total cost" basis. For the 1978-79 budget indirect expenses and depreciation have been incorporated in the cost structure of these operations, which requires substantial increases in both expense and income. In addition, income and direct expense have been adjusted to reflect inflation and changes in volume.

Based on each Ancillary Enterprise's budget submission and the incorporation of depreciation and indirect expense into the cost structure, the Budget Committee's recommendations for those Ancillary Enterprises are:

1. that the base budget of each Ancillary Enterprise should be adjusted according to this schedule:

1978-79 RECOMMENDED CHANGES

	Expenses				
	Direct	Indirect (incl. depreciation)	Total	Income	Net Expense
St. George					
Parking	(1,310)	(21,425)	(22,735)	(22,735)	–
Residence	121,676	68,895	190,571	107,756	82,815
Food Service	(5,860)	37,143	31,283	(13,167)	44,450
Beverage Service	(24,275)	4,574	(19,701)	(9,825)	(9,876)
Scarborough					
Parking	23,223	950	24,173	24,173	–
Residences	24,841	3,159	28,000	28,000	–
Food Service	(15,280)	15,136	(144)	(13,750)	13,606
Beverage Service	(3,076)	396	(2,680)	(2,680)	–
Erindale					
Parking	22,322	678	23,000	23,000	–
Residences	132,527	22,126	154,653	157,460	(2,807)
Food Service	20,900	8,718	29,618	10,100	19,518
Beverage Service	(4,538)	218	(4,320)	4,320	–

2. that the Ancillary Enterprises whose 1978-79 budgets (adjusted according to this schedule) show a net expense should make every effort to eliminate or reduce the net expense and that any actual net expense should be applied against cumulative net income reserves, if any, or should be carried forward as a first charge against 1979-80 operations.
3. that for the Ancillary Enterprises whose 1978-79 budgets (as adjusted by this schedule) show a net income, the net income should either be applied against cumulative net expense, if any, or should be carried forward as unappropriate net income.
4. that the cumulative net income of St. George Parking as at April 30, 1978 should be transferred to capital funds,

and

5. that the \$50,000 provision for construction reserves included in Erindale Parking expenses for 1978-79 should be transferred to capital funds.

Supplementary Budget Plan

When the financial model that was included in the Budget Guidelines was devised, it was based on carefully formulated assumptions about income, expense, rates of inflation, enrolment, and government funding schedules. From these assumptions, several different projections were developed to suggest alternative courses of action that the Budget Committee might follow in recommending a budget for 1978-1979. Some of these assumptions were revised as firm data became available (for example, assumptions about enrolment were revised on November 1, when the University's fall term enrolment report was submitted to the government). In other cases, projections still are only estimates, but the ranges of approximation now are smaller than they were when the Budget Guidelines were adopted.

The government's announcement of the size of its total grant to universities for 1978-1979 and of the way in which the grant will be distributed among universities was not made until February 20, 1978. Our financial models have been adjusted in response to the government's announcement. Discussions about staff salary increases for next year are still in progress, with the assistance of a mediator, and a final recommendation may not be determined before the Budget Committee submits its report. Intensive discussions are also in progress with the academic divisions about enrolment objectives for 1978-1979; the outcome of these discussions can have a major influence on assumptions about income and, indirectly, expense.

Given the unavailability of final information about some categories of income and expense, the Budget Committee has developed a supplementary budget plan by which the University's budget can be adjusted as decisions are finally made about salaries and enrolments for 1978-1979.

If it becomes possible to increase the University's expense for 1978-79, additions should be made according to this schedule.

All additions should be for one year only.

SUPPLEMENTARY BUDGET PLAN SCHEDULE, 1978-79

All additions are for one year only

	Stage I	Stage II	Stage III	Stage IV
Academic Divisions	93,000	143,000	75,000	75,000
Other Academic Costs	25,000	15,000	–	–
Campus & Student Services	7,000	7,000	–	–
Business Affairs	8,000	–	–	–
Physical Plant – Maintenance & Service	67,000	–	85,000	85,000
Salary Anomalies Fund	–	–	15,000	15,000
Central Equipment Fund	–	35,000	25,000	25,000
Inflation Fund	50,000	50,000	50,000	50,000
TOTAL	250,000	250,000	250,000	250,000
CUMULATIVE TOTAL		500,000	750,000	1,000,000

The probability that the entire schedule for adding to expense can be implemented is not great. In fact, there is a real possibility that no additions from the Supplementary Budget Plan will be possible and that some further reductions will become necessary. If further reductions are necessary, the Budget Committee proposes that the reduction should be achieved by a general reduction across all expense budgets, with the reductions being made first in "one-time-only" additions in areas where program or level of service expansion has been proposed. Because the University's income probably will not increase in real terms in 1979-1980, reductions in "one-time-only" expenses in 1978-1979 will be harmful only to the extent that they accelerate permanent reductions that are likely to occur within a year in any case. The differentiation between academic and non-academic categories of expense should not be continued in a schedule for further reducing expense. Although the Budget Committee continues to place a higher priority on the direct protection of academic programs, it cannot recommend further shifting the burden of budget reductions to non-academic services because of the severity of the reductions that have already been imposed on these